GOVERNING UNCERTAINTY: FORECLOSURE, FINANCE, AND THE AMERICAN DREAM IN MICHIGAN

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ABSTRACT

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Michigan alone has accounted for more than one of every eight foreclosures nationwide since the housing crisis began in 2006. This dissertation, researched at the height of new foreclosure activity (August 2009—October 2010) in mid- and eastern Michigan, argues that widespread foreclosure undermines American cultural citizenship. Data for the dissertation include fourteen months of participant observation at housing counseling agencies, industry trainings, outreach events, and political rallies; interviews with distressed homeowners (n=29) and housing professionals and activists (n=34); and secondary materials including legislation, government analyses, popular media, and industry training materials.

My key claims are (1) that threatened foreclosure upends claims to upward mobility, the American dream, and national greatness premised on a broad middle class. (2) The foreclosure crisis accelerated the reconfiguration of state power such that finance is more integral to the state and everyday life. Simultaneously, citizens' access to the state is mediated both through banks and non-profits that try to help homeowners avoid foreclosure. Together, personal experiences facing foreclosure and their governance in everyday life change the substantive rights of American citizenship, namely homeownership, state legitimacy, and belief in the consonance of business and public interests.

As the birthplace of the American auto industry and strongest labor union, Michigan's history validated beliefs in upward mobility, the blue-collar middle class, and economic and social inclusion for African Americans—all told, the prototype of the good life. These were instrumental to the postwar vision of shared affluence, the most visible sign of which was owning a home. From the perspective of distressed homeowners and housing professionals, Michigan's post-industrial struggles, including foreclosures and the state's infamously "shrinking cities," continued to rupture the social compact and, similar to deindustrialization, privilege finance over community wellbeing.

The signature, albeit flawed, policy response to the foreclosure crisis is the federal Home Affordable Modification Program (HAMP) administered through mortgage servicers and sometimes with housing counseling agencies, such as those where I conducted fieldwork. Michigan implemented an additional protection in 2009 so that distressed homeowners, with the help of a housing counselor, could negotiate alternatives to foreclosure. Financial institutions failed to implement HAMP and other programs effectively, confounding both homeowners' and the state's efforts to safeguard citizens' welfare. Counseling agencies that offered frontline assistance simultaneously distanced their clients from the state and taught them to lower their expectations for modifications. Homeowners' experiences strained their loyalty to financial institutions they believed served their interests and, as they negotiated under the auspices of state or federal programs, their trust in public institutions. In conclusion, I argue that these mediations refigure the locations and practices of governance and citizenship.

DEDICATION

This work is dedicated to Randy, who makes so much possible.
I also dedicate this dissertation to the Michigan homeowners and advocates who generously shared their time and experiences with me.

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Chapter 1: Introduction

Distress

The day I first met C.J. to talk about her mortgage trouble was one of those midwestern fall days when the maples have started to turn but the sun shines brightly, beating off the underlying chill. I pulled up to C.J.'s golden brick and vinyl-sided ranch house in southwest Lansing, Michigan, in an established subdivision with a high foreclosure concentration and foreclosure risk score, according to measurements developed by the U.S. Department of Housing and Urban Development. At the time, C.J. was among thousands of distressed Michigan homeowners who were trying to maintain homeownership through a loan modification offered under the federal Home Affordable Modification Program (HAMP) or another work-out option available through their mortgage servicer. Approximately 6 percent of mortgage-debtors nationwide were in serious delinquency, or "distress" (OCC and OTS 2010).[1]

In spite of the balmy weather, it was dim and cold in C.J.'s house. She did not normally turn on the heat in order to save on utility costs, but had been running a space heater in the living room that morning to make the house more hospitable for my visit. I met C.J. through one of two primary agencies where I conducted research on the experiences of foreclosure intervention in mid- and eastern Michigan in 2009 and 2010. Although the agency had not been able to get C.J. a loan modification, she responded to a letter it mailed to her on my behalf. C.J. is an African American woman who had retired from her job as a corrections

[1] The OCC and OTS mortgage delinquency statistics represent mortgages owned by federally regulated thrifts and banks (approximately 64% of all outstanding mortgages).

officer and subsequently became disabled. Though she filed for non-duty disability benefits, her claim was denied—which was immensely painful to her after feeling that she put her life at risk for the state throughout her career. She had struggled consistently for the past 3 years to pay her mortgage, medical bills, and utilities. Her house had been in foreclosure before, in 2004, but she bought it back during the redemption period (after the public auction) by draining her retirement accounts. Already feeling betrayed by the many banks that had owned her loan, her union, and the state, the feeling intensified while working on a loan modification. "[Y]ou vote as a democrat—you vote for these people. When you need them, you can't access them or call them or they don't respond to you." When she did not qualify for the Obama administration's Home Affordable Modification Program (HAMP),

> to me, it was a lie. It's not meant for people struggling, trying to survive and have good health. That's why people walk away. You find out you're not qualified. You hear an ad and go to the agency but there it's a whole other ballgame.[2]

Although she had been severely depressed over her medical and economic struggles, C.J. came to the conclusion that if she had to give up her house, she would be okay, that she could move on and recover. At the time, her recovery strategy hinged on hanging on somehow for a couple more years until she was old enough to draw Social Security. It is significant how prominent is C.J.'s feeling that she has been failed *as a citizen*, not that she has failed as a homeowner or as a debtor.

In this dissertation, I argue that facing foreclosure defines crisis and financial citizenship—categories I use to analyze the shifting institutional locations of governance

[2] Interview, C.J., October 5, 2010, Lansing, Michigan.

and the subjective experience of that power. Recognizing that the crisis was multifaceted, as were people's positionalities, the question I entered the field with was, How do people affected by the foreclosure and financial crisis in Michigan make sense of their experiences as individuals, citizens, community members, and as subjects of the American dream? What I discovered in research from August 2009 to October 2010 was that although history, citizenship, and the American dream weighed on the experiences of foreclosure, "making sense" was in shorter supply. I therefore take uncertainty and unfixity to be central means for examining shifting boundaries between state power, financial power, and non-governmental institutions.

Contrary to my intentions when I began this project, this dissertation is not a story about the outcomes of the foreclosure crisis or the outcomes of housing counseling. Many of the homeowners I discuss in detail in this dissertation had been working to avoid foreclosure on the order of 2 years. I cannot say this is representative of distressed homeowners or of housing counseling practice statewide. Indeed, no one can because a lack of clear statistics on the scope and distribution of problems in the foreclosure process continued to plague intervention efforts up until the time of this writing (early 2013). The 2012 settlement between 50 U.S. attorneys general and the five largest mortgage servicers cited the companies for a broad array of deficiencies in their foreclosure processing, including long delays and lost paperwork, suggesting that my informants' experiences may not be extraordinary for that moment in time. The delays owed to structural factors that predate the crisis, intended responses to the crisis, and unintended consequences of programs. However, even if the homeowners I discuss are outliers, like marginalized groups in other circumstances, their experiences should be of concern to anthropologists, economists, and policymakers. Experiences at the margin, because of their extremity, reveal the possibilities and fractures that inhere even in the smoothest center of our social systems (Das and Poole 2004).

In fact, recent anthropological work on bureaucracies suggests that focusing on the outcomes achieved by programs misses fundamental features of programs, namely the importance of waiting, wherein one is simultaneously “teeter[ing] on the verge of both success and failure” (Hoag 2011:86). It is in this dangerous moment of possibility that homeowners enter housing counseling agencies, when their daily experience shifts from the certainty associated with homeownership to the uncertainties of negotiation.

“Distress” is the housing industry term to describe difficulty making a mortgage payment. The category includes being delinquent on payments, being underwater on a mortgage, or trying to conduct a short sale (noted as distressed sales in real estate statistics). Being distressed is not only a financial state but also often an emotional one. There is the feeling of dread and uncertainty that can drag on for years as homeowners wait for their lender to come to a decision—to modify or foreclose—or for the elusive promise that their financial situation will improve. When homeowners’ secure attachment to that identity is challenged, “facing foreclosure” becomes its own kind of subjectivity, one that intersects with other subjectivities of class, race, gender, politics, and so on.

Mortgage distress changes one’s subjective anchoring to the home-as-identity and inexorably undermines one’s claim on membership in the middle class—where being middle class is synonymous with financial security.[3] Most people facing foreclosure in the housing bust are doing so because of having lost jobs or income (Jefferson et al 2012). For many, then, losing their house to foreclosure is the culmination of a series of losses, beginning with the financial security of (to the extent one had it to begin with) and identification with one's job. More than losing a job, losing a home stands for losing one's membership in the middle class, for disruption of family life, and the home as a safe space.

One's home is perhaps the most significant space for individual identity. Foreclosure disrupts a person or family's connection to place and also often follows the disruption of job loss, both historically (Perin 1977) and in the present case. "The threat of foreclosure represents a significant disruption to the identity and social status associated with ownership; the spatial context of daily life; the constancy of the social and material environment and one's control over it; and the home as a site of refuge" (Fields, Libman and Saegert 2010:653). Foreclosure and eviction further involve emotional, familial, social, and financial losses (Greenbaum 2008; Purser 2010). Further, in times of economic and social crisis, Americans tend to make a collective turn to the home as a safe, secluded, and moral space (May 2008; Coontz 1992) and more recently to gated communities to hold at bay a suite of perceived threats to a safe middle-class lifestyle (Low 2003). At a national scale, foreclosures became perceived as a "crisis" precisely because they were increasingly affecting middle-class Americans. Widespread foreclosure undermines personal and collective identification with upward mobility and the American dream and its attendant moral, political, and economic order (Saegert, Fields, and Libman 2009).

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[3] A significant number of wealthy homeowners have been foreclosed in the crisis, too. Compared to those of lesser means, they are more likely to walk away from their mortgages, indicating a foreclosure by choice rather than by necessity.

A nascent literature about the experience of home loss in the Great Recession is developing around the concept of ontological security (e.g., Ross 2009; Fields, Libman and Saegert 2010; Strom and Greenbaum n.d.). Originally developed by Anthony Giddens, ontological security is a feeling of trust and certainty in the world as it is, and one's place in it; routine and predictability are key elements of this positive existential state. Of special concern here is that homeowners experience greater control (subjective and objective) over their living environments, higher self-esteem, and a greater sense of accomplishment than do renters (e.g., Rohe, Quercia, and Van Zandt 2007). Homeowners experience wellbeing, in part, because of the predictability and stability of their lives; it offers a physical and permanent anchor to one's basic sense of identity, according extensive research by Saunders (cited in Ross 2009). The point I want to draw out of this literature is that threatened foreclosure undermines the daily sense of certainty, stability, and self-efficacy.

Several homeowners I met during this research in 2009—2010 claimed that, even though they would prefer to keep their homes, more than anything they wanted a decision from their lender, even if it was to refuse to give them a lower payment. Although financial troubles are a tremendous cause of stress and stress-induced ailments, homeowners also reported that the uncertainty and reversals were the worst part of their predicament. As the example from C.J. suggests, much of my data supports and extends these arguments about ontological security and home loss.

Because my research concerns people in the liminal state before loss, I want to take this chapter to delve into the gulf between homeowner and home loser. I am well aware that the phrase "home loser" is fraught because it brings up not only general connotations about “losers” but specifically because of Rick Santelli’s rant against mortgage modifications for “losers” that is credited with sparking the Tea Party. I retain it here to remind readers of the severe existential stakes of home foreclosure. Like other liminal states, the time of facing foreclosure is a moment of dangerous transition, of instability stumbling toward an uncertain outcome. Inspired by works about insecure and marginal lives elsewhere (e.g., Das and Poole 2004), I take the experiences of distress to be illustrative not only of mortgage modification programs, but as a glimpse into the fractures and vulnerabilities of broader experiences of selfhood, class, and political subjectivity.

On Crisis, Finance, and Citizenship

Calling the events and processes in the housing market a “crisis” hews to the native representation of what is happening. In that register, “crisis” is about the loss of a national project—widespread homeownership and a smooth path to upward (not downward) mobility. This crisis is about the relation of the middle class to capital, of the signature role of debt-based consumption to fuel the national economy, more generally, an economy of continual expansion, and the contradiction of real downward mobility against the ideology of upward mobility. Crisis also represents what families themselves experience as a personal economic devastation. There is also, of course, the global financial crisis of 2008, precipitated by the devaluation of American mortgage-backed securities. The losses that spread from Countrywide and other “subprime” mortgage lenders to investment banks (e.g., Bear Stearns, Goldman Sachs, Lehmann Brothers) to the insurer AIG introduced the notion of systemic financial risk and the political-cultural notion of institutions being “too big to fail.” It was this that prompted the US Congress and Treasury to bail out large financial institutions with $700 billion of public funds. Framing events as crises justifies interventions, exceptions to the norm and so crisis forms a way into problem spaces for myriad social actors, not least of whom are policymakers. President Obama's chief of staff Rahm Emmanuel famously stated in commentary on the financial crisis in late 2008, "You never want a serious crisis to go to waste. And what I mean by that is you use it as an opportunity to do things you think you could not do before." Crises enable and force people into new relationships with the world around them and the ideas that had made the world make sense.

Crisis is not only a local descriptor of the moments in time I describe but also a theoretical take on these events. Times of crisis expose contradictions in the social world, simultaneously making visible processes that were previously hidden and individual experiences that would otherwise not have entered public consciousness (Goddard 2006; LiPuma and Lee 2004). As social phenomena, crises connect moments of *vulnerability* to an enforced *visibility*. I am indebted here to Victoria Goddard's (2006) reading of Zizek and Koselleck's work on crises. In Koselleck's analysis, crises are the recognized inflection points when a set of contradictions that have developed over a longer time span can no longer cover over each other. Crisis, then, is about exposure and indeterminacy.

Financial crises pose a particular problem of determination and representation. In a recent essay, Paul Crosthwaite (2012) argues that financial crises are trauma in a Lacanian sense—they are encounters with the Real. At the outset, this poses a conceptual problem since money is, definitionally, part of the symbolic order and not of the Real, understood as that which defies and disturbs the symbolic order. Following Zizek's work on capitalism, Crosthwaite argues that capital is the "symbolic Real": the "inexorable 'abstract' spectral logic...which determines what goes on in social reality" (Zizek 2000 quoted on 43). As with other crises of the Real, a financial crisis exposes the emptiness at the heart of what was once believed to be a solid order and system. In less formal terms, this is the discovery that that credit default swaps, collateralized debt obligations, and risk tranches, instead of being instantiations of a more refined capitalism, are a shell game.

This dissertation examines the ominous and indeterminate sense of possibility and loss when the housing market was at its nadir in Michigan. My informants sensed not only that they personally might lose their houses or that they were in a position to prevent foreclosures (depending on their role), but that *something* was very wrong about the whole situation. The *something* was a slippery shape-shifter: sometimes it was banks' greed; other times the decline of the productive economy in the United States and, concomitantly the rise of spectral powers like China; other times it was homeowners' recklessness, ignorance, or disorganization; politicians' corruption; or an inter-generational loss of morality, be it gender norms, respect for one's word, or personal discipline. The *something* was a sense of a comprehensive wrongness, the complicity of everyone and no one all the time. Without getting too far ahead of myself, let me signal that the sense of the crisis was that it was both no one's fault and everyone's; likewise, responsibility was everywhere and nowhere. This is where my analysis diverges from the ontological security argument.

Whereas ontological security is an individual phenomenon—a "security of being" or "confidence…[in] the basic existential parameters of self" (Giddens cited in Ross 2009)—the foreclosure problem in the United States now is not only undermining individuals' security of self. The magnification of foreclosure by six or twelve million is not just an additive problem but has broader systemic effects. I suggest, then, that the problem of foreclosure is one of governing uncertainty, which I mean in two senses. First, that uncertainty is the governing or prevailing experience in the foreclosure crisis. For homeowners, it is the question of what will happen to them and their homes and the existential uncertainty accompanying loss and downward mobility. For housing professionals, homeowners, policymakers, observers and the public, these are questions about local and national economic futures. Second, analytically, I mean the governing or management of uncertainty: how to handle both individual foreclosures and the foreclosure crisis as a political moment. Crises are turning points after which history might—or might not—look completely different. It is this uncertainty, coupled with large-scale interventions, that make crises fruitful ethnographic terrain, bringing opportunities to examine head-on what did not need to be spoken before. From the early 20th century through 2008, aspirations for and promotion of homeownership in the United States were written about as cultural facts, as mere background material or context for so many statements. It is the former common-sense status of beliefs about homeownership, now thrown into crisis, that frame this ethnography of foreclosure intervention.

This dissertation examines the crisis of cultural expectations regarding class, governance, and inclusion. Since homeownership has been a key claim in these regards—to middle class and full political and social belonging—the threat of widespread foreclosure is a critical event condensing problems not only in the obvious area (mortgage default for individual families) but also, as a cornerstone cultural practice, is a threat against many cultural ideals. As such, I argue that this moment signals a fundamental shift in the terms of American cultural citizenship, made visible through the housing crisis.

When I argue that facing foreclosure is an experience of citizenship, I am making a claim rooted both in American history, via the American dream, and in anthropological theories of the state and subjectivity. The claim for this mediation between governing/state-like institutions as being one of citizenship (not just power relations/subjectivity) is about both (a) the state form and (b) the subjective experience of being governed by these entities. My argument extends three bodies of anthropological literature, which I treat in turn below:

1) on broadening the understanding of the boundaries, forms, and locations of state (and state-like) power;
2) on anthropology of finance, which until recently had been more focused on financial traders and professionals: this brings the state into the analytic frame of finance, and takes a view of finance out in the world;
3) on extending the body of work on substantive citizenship generally, and consumer citizenship specifically. This paradigm fits with recent developments in the literature and is consistent with the history of the American dream myth.

State Power Beyond the State

"There was a financial meltdown…The credibility of the United States government was on the line."

— Sarah Dahlgren, New York Federal Reserve, testimony to the Financial Crisis Inquiry Commission (FCIC 2011)

In thinking about state practices and state power, I draw particularly on approaches elaborated by Michel-Rolf Trouillot (2001) and Timothy Mitchell (1991). Trouillot (2001) argues that, under globalization, scholars are best served by not assuming that the state has any a priori institutional forms. Rather, drawing from Gramsci's definition of the State as political + civil society, Trouillot urges scholars to identify state power through power relations anywhere in the social formation that produce individualized subjects who are organized by those power relations into regulated and governed collectives.

Mitchell (1991) argues that state making is about the continual reinforcement of an always-elusive boundary between state and society. Mitchell suggests that the state can be identified through "detailed political processes through which the uncertain yet powerful distinction between state and society is produced" (78). Of particular importance for this project, Mitchell notes that the porous boundaries between the banking system and the state:

> [T]he relations between major corporate banking groups, semipublic central banks or reserve systems, government treasuries, deposit insurance agencies and export-import banks, and multinational bodies such as the World Bank, represent interlocking networks of financial power and regulation. No simple line could divide this network into a private realm and a public one, or into state and society. At the same time, banks are set up and present themselves as private institutions clearly separate from the state. The appearance that state and society are separate things is part of the way a given financial and economic order is maintained. (90)

In the last decades, financialization has intensified these innate linkages between capitalist states and finance. Financialization refers to the explosion of categories and importance of financial technologies such as securities, futures, and derivatives, which are both constitutive of and constraining to everyday life (Martin 2002) and democratic governance (LiPuma and Lee 2004). For the case of "developing" countries, LiPuma and Lee argue, for example, that investors in the global derivatives market constrained the policies of Brazilian president Luiz Ignacio da Silva (Lula) even before his election in 2002. As a

Workers' Party candidate, da Silva ignited fears among international investors that he might default on foreign debt obligations in service of redistributive justice programs in housing, infrastructure, or education. Brazil's currency lost 30 percent of its value by the time da Silva was elected, which led the new government to divert some a significant portion of its available capital to debt service to assuage investors' fears. The derivatives market in this case directly constrained da Silva "in his attempt to ameliorate economic and social injustices, which is precisely what the citizens of Brazil elected him to do" (LiPuma and Lee 2004:59).

What the U.S. housing and financial crash reveals, though, is a politics where financial institutions do not enable and constrain citizenship from a distance, but rather are in the heart of that relationship everyday. This is made most clearly by the role of mortgage-backed securities—the buying and selling of shares of ownership in Americans' homes—by domestic institutions selling these shares of ownership both domestically and globally. Further, of course, the American bailout of financial institutions under the rubric of Too Big to Fail in 2008 is a historical moment of tremendous significance in the placement—and blurring—of the boundaries between state and market. As the Dahlgren epitaph to this section makes clear, in the moment of the U.S. and global financial meltdown, agents of the federal government were incapable of disentangling their own legitimacy from that of the financial system. The (somewhat conflicted) fusion of state and market institutions in Too Big to Fail extends the neoliberal logic Wendy Brown (2003) describes where the state imagines its only source of legitimacy arising from creating a vibrant national economy through which market-oriented citizens may provide for themselves. Too Big to Fail loosens the boundary between state and market, confusing the question of where one will and will not find a relation to the state. I return to these points in chapter 4.

Mitchell warns against a totalizing view of either state or market. In particular, Mitchell says that by saying the boundaries between state and society (or market) are elusive is not to say that there are none, but rather they are not atomized from one another. When I discuss financial citizenship, I am not advocating for a collapse of state into market and vice versa; I am describing the lived reality of the post-financial crisis as I understand it. What emerges experientially is a present of deeply blurred boundaries among institutions and governance. Financial practices are integral to both the operations of state and sense of self.

One of the fundamental ways I approach the questions of governance and citizenship is through role of housing counseling agencies (HCAs), the type of agency where I conducted most of my fieldwork with housing professionals and homeowners facing foreclosure. HCAs are almost exclusively private non-profits that rely on public grant funds and sometimes by developing and selling affordable housing units. HCAs were integral promoters of the federal government's desire to expand low- and moderate-income homeownership throughout the 1990s and early 2000s before having to shift almost completely to foreclosure prevention. As one state-level administrator explained the shift to me, in the 2000s, "money was just flowing out of a faucet. Then it was like someone turned the faucet from hot to cold." By 2010, at least in Michigan, HCAs' foreclosure prevention work outpaced their new homebuyer work at a rate of 10 to one.

HCAs are one of the main sites for the everyday maintenance and governance of the foreclosure crisis. Governance is a process I examine at state and non-state institutions because it is in the overlaps and incongruities between these that the everyday experiences of citizenship manifest. Following political economy and neo-Foucauldian scholars, I understand housing counseling agencies to exhibit hybrid forms of power that emerge in the nexus between the state's governance as such and the governing roles of non-profit and financial institutions. The experiences of citizenship I am interested in, therefore, occur in the junctures where these institutions compete for, enable, and challenge each other's claims to authority.

Albert came to Franklin Street, the primary HCA where I did fieldwork, after he had fallen behind on his mortgage payments. He had injured his back working as a delivery person for a large snack manufacturer. He was supporting himself with Social Security disability and with assistance from his girlfriend but his employer had denied his worker's compensation claim. According to the housing counselors there, in conversations they had with me and other clients with pending worker's compensation claims, it was common practice for claims to be denied on the first round and only granted, if then, on appeal. He was already involved with a couple of state functions, then, before he came to the housing agency. The agency is a private non-profit organization but receives most of its money from public sources—namely funds from the U.S. Department of Housing and Urban Development (HUD), either directly received or channeled through the Michigan State Housing Development Authority (MSHDA). Franklin Street is certified by both agencies, which participants in the industry understand to convey a level of seriousness and legitimacy that non-certified groups lack. Like most homeowners facing mortgage default, Albert had already reached out to his lender for help before coming to the counseling agency but had gotten no relief from them. The lenders were under some obligation—

because of HAMP but also, and maybe more significantly, because of public pressure—to respond to distressed homeowners. They were operating mortgage relief and loan modification programs—in however piecemeal or lackluster a fashion—owing to the efforts of the federal government. Although banks had severely damaged public credibility at the time of the research, they laid claim to legitimacy precisely through their outward compliance with federal programs and work in the interest of homeowners. Shortly after I left Michigan, Chase Bank began airing a series of nationwide commercials about how many millions of homeowners and communities they helped. Likewise, many lenders, including my own, put contact information for loss mitigation prominently on their company websites. The point for me in Albert's story is that it is the institutional interdependence that makes citizenship less about legal belonging and more about the "messiness of everyday life" (Taylor and Wilson 2004).

To insist on calling a relationship with a bank one of citizenship insists on acknowledging the mutual complicity of these organizations—whether one prefers to label it as a Power Elite (Mills 2000), plutocracy (e.g., Krugman 2012a, 2012b; Freeland 2012), or corporatocracy (e.g., Perkins 2004; Sachs 2011). In a rather Gramscian sense, I am arguing for a form of governing power defined by a state-finance conglomerate. I do not think it is groundbreaking to argue either that contemporary governance is spread among a suite of state and non-state institutions, or that the state and financial institutions are mutually complicit—indeed, this is the core of the Marxist critique of the state (Jessop 1990). What I am offering is a grounded analysis of what it is like to live as a subject of this governing complex that is simultaneously located in the state, civil society, and market, and it is to this subjective encounter to which I turn in discussion of the American dream.

Anthropology of Finance

By examining the nexus of finance-state-citizenship, my research also advances the anthropological literature on finance. As an analytic object, finance is devilishly tricky to pin down and, in large measure, this is the point. The financial industry (or financial services) encompasses a tremendous range: futures, options, asset-backed securities, and so forth. Their key uniting feature, though, is their malleability—the fact that these activities are liquid enough to quickly convert into other shapes (Ho 2009) or be infinitely divisible and recominable (Appadurai 2012). Most ethnographic studies of finance have focused on financial traders, whose daily practices and identities are developed and evaluated with specific reference to the instruments and logics of financial markets (Zaloom 2006; Miyazaki 2006; Hertz 1998; Ho 2005, 2009), and the practices that economic experts use to represent the economy in numbers and words (Neiburg 2006; Holmes 2009). Having emerged from the field of science and technology studies, this body of literature has been primarily concerned with the internal practices of the field while both the state and the consumer sides were largely absent from view.[4]

Financial institutions and the state have different objectives in some ways. In bare, glossed form, the role of the state is to protect while that of finance is to make profits. However, they have certain shared interest in a vibrant national economy, which, as Wendy Brown argues (2003) has become the singular basis for the state's legitimacy. All states have in their mandate to define and uphold the rule of law. The capitalist state is inherently

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[4] I credit my understanding of this genealogy to a discussion with Caitlin Zaloom at the "Ethnography of Finance" workshop at the American Ethnological Society meetings in New York on April 19, 2012, and personal communication with Annelise Riles, February 25, 2013. For recent work examining how market actors and state regulators collaborate to create market governance, see Riles (2011).

interested in upholding contract law and private property, that is, the interests of capital. As such, both types of institutions are interested in cultivating an economically motivated, diligent, and loyal subject.

Ethnographies that have sought to investigate the effects of new financial regimes beyond the realm of experts have found that such changes give rise to new social categories, identities people adopt or weigh themselves against. They have given rise to, for example, the self-responsible risk-taker in Japan (Miyazaki 2006); entrepreneurs in the developing world (e.g., Elyachar 2005); the citizen of the welfare state; and its converse, the citizen charged with her own personal responsibility (Cruikshank 1999; Rose 1996).

The foreclosure crisis I studied would not have occurred had it not been for the spectacular expansion of trading in mortgage-backed securities, a particular kind of financial derivative. Derivatives are any financial instrument that gets it value from the value of an underlying asset (for example, mortgage-backed securities). As a category of instruments, derivatives are difficult to classify because their continued success depends on innovation and novelty. The ability to earn returns with speculative capital comes from exploiting market irregularities and responding quickly and flexibly to emerging conditions. This practice did not emerge until 1973 when economists made innovations in abstracting, quantifying, and calculating risk. The resulting flexibility in financial movements coincided well with emerging ideological consensus for neoliberal reforms, including liberalized financial markets.

A collateralized mortgage obligation (CMO), a type of security, demonstrates how this works: A CMO is composed of thousands of mortgages; investors buy portions of this "pool" of mortgages.[5] As has been well rehearsed in the financial media by now, a pool of mortgage-backed securities is divided up into tranches (tiers) based on calculations of the risk that the homeowners attached to the mortgages underlying the security will default on their loans. At the height of the housing bubble in the mid-2000s, the average new mortgage was likelier than an older mortgage to be given to a borrower with a higher level of debt—making it harder for her to pay back the loan—and may have been given without much supporting documentation of her income or ability to pay (e.g., HUD 2010; Haughwout et al 2011). Wall Street brokers designed mortgage-backed securities that pooled together thousands of these marginal loans, often aggressively marketed, and argued that by bundling thousands of risky loans together, the whole bundle was more stable than its constituent parts (Tett 2009; cf. Lewis 2009).

The prevalence of financial derivatives and naturalized claims about them mask the social and historical conditions of their own production. Derivatives, then, fit the Marxian definition of a commodity fetish—that is, an abstraction of social processes that make their circulation appear to be "social relations between the products" (Marx 1977). Whereas financial experts might argue that derivatives perfectly represent an underlying reality ("out there"), LiPuma and Lee forcefully argue that scholars shouldn't mistake their "surface appearance" for their true nature. Their argument echoes others that the economy is a social construction that doesn't just *represent* reality but is *constituted* by the efforts of theorists and professionals in it (Mitchell 2002, 1998; Callon 2007; MacKenzie and Millo 2003; De Goede 2005; Holmes 2009). Or, in LiPuma and Lee's words, derivatives are

[5] Other types of mortgage-backed securities, such as "pass-through securities" are also composed of pools but they are not differentiated by level of risk.

"quasi-performative" (2004:60) in a "sphere of circulation that they simultaneously presuppose and are instrumental in creating" (2004:186).

Broader changes also call out for the study of finance's effects out in the world. As discussed above, Too Big to Fail is an obvious linkage not only for investment banks but also for corporations, like General Motors, that survive tough times through government intervention. Corporations have invigorated roles as both power brokers and citizens in the body politic today. Not least of all, the Supreme Court ruling in the 2010 Citizens United v. Federal Election Commission codified the rights of corporations as persons, entitled to unlimited free speech in the form of unlimited political campaign contributions.

Again following Mitchell (1991), my intention is not to imply that every interaction with finance is always necessarily also an interaction with the state, or vice versa. But in their macro conditions, these types of institutions *are* necessarily related even though their inter- and independence is on a spectrum from closeness, complicity, conflict, or ignorance in particular moments or interactions. My research, though, focused on areas of particular closeness and muddiness of boundaries. It is for reasons of both the changing relationship between state and finance, and the rising importance of the latter, that I argue one's relationship to these is a way to enact a citizenship, to which I now turn.

Consumption as Citizenship

"Ask not what your country can do for you, ask if that shoe comes in a size 8."

— Tabletop advertisement, Lansing mall food court, fall 2008

Anthropology's interest in citizenship has historically been in the experiences of refugees, stateless persons, or "stranger" citizens who have formal (de jure) rights but are in practice (de facto) excluded from exercising them (Castle 2008; Malkki 1995; Ferme 2004; Benhabib 2006; Perez 2011). Recent flourishing in citizenship studies has largely been dedicated to the gaps between the ideal of equal citizenship rights and the reality of fractured or differentiated citizenship experiences, based on one's minority status. In the United States, nothing represents the struggles to close the gap between de jure and de facto rights better than African Americans' struggles for civil rights under and after segregation and civil rights victories of the 1960s (namely Brown v. Board of Education, the Civil Rights Act, and Voting Rights Act) (Jacobs 2000).

My interest in citizenship is inspired by works that consider citizenship as social practice rather than only formal relationships and state-based recognition of rights—much in the same way my interest in the state supersedes state institutions. Here, the theoretical insight hinges on the difference between formal and substantive rights. In his hallmark study of citizenship, T. H. Marshall (1950) analyzed the expansion of rights (and concomitant shrinkage of duties) in the history of British citizenship, expanding from civil rights into political, and finally social rights. This sequential expansion of rights Marshall describes has often been taken up in the literature as both his most-cited contribution and nearly as a template for understanding what "should be" the progression of new democratic states.

Marshall's primary concern, as I read him, was with the inherent tension between citizenship and capitalism, making his work in the best tradition of political economy. Marshall uses a formal definition of citizenship as a status that bestows the same rights and duties on all members of society—it is a relationship meant to create equality. Citizenship will always be at odds with capitalism, however, because capitalism is a class system that reproduces material inequalities. What I take away from Marshall, then, is that the study of classed experiences can be the study of subjectivity tacking back and forth, like state strategies, between a feeling of citizenship and of oneself as an individual consumer and subject exercising free choice in the market and social relationships.

In arguing for facing foreclosure as a kind of citizen-subjectivity, I have been particularly inspired by anthropologists studying transitions from Communist and socialist regimes and Latin American dictatorships, to democratic and/or more capitalist forms of governance and accumulation. These works examine daily life through the lens of substantive rights, or the social practices of everyday life where folks are in interaction with explicitly state and non-state entities, other subjects, and themselves (Dagnino 2003; Holston and Appadurai 1996). Dagnino elegantly summarizes the case for citizenship as politics to deepen democracy beyond formal legal rights and into "*a project for a new sociability*: a more egalitarian format for social relations at all levels, new rules for living together in society (2003:214, original italics). Through recognition (by activists and scholars alike) of the political as beyond the bounds of the state, citizenship comes to "regulate not only the relationships between the state and the individual but also social relations at all levels of society" (ibid).

I also draw on Renato Rosaldo's (1994) notion of cultural citizenship. Based on work with politically active U.S. Latinos, Rosaldo (1994) and colleagues developed the concept of cultural citizenship as "the right to be different (in terms of race, ethnicity, or native language) with respect to the norms of the dominant national community, without compromising one's right to belong, in the sense of participating in the nation-state's democratic processes." In the cases of African American and Latino citizenship in the U.S., the emphasis is simultaneously on overcoming second-class citizenship treatment through fuller, more dignified recognition by the state.

For Dagnino (2003) and Holston and Appadurai (1996) in Brazil and Rosaldo (1994) in the United States, these expanded notions of citizenship are inextricable from forms of emancipatory politics. As originally formulated by Rosaldo (1994) cultural citizenship is a form of collective politics that minority communities engage in to expand their access to rights from the state, as both formal rights and the pursuit of dignity in everyday life. For this project, I find use in recalibrating Rosaldo's (1994) cultural citizenship to refer precisely to mainstream American belonging. To describe this as a kind of cultural citizenship is to point to the usually unmarked practices of American whiteness and middle-classness as a particular form of belonging. This is cultural belonging deeply bound up in the history of whiteness and privilege in this country, but which recent governmental and corporate initiatives, for example, in the push for expanded homeownership, have tried to extend as a universalizing concept.

To make the point through a counter-example: it is straightforward to understand efforts to cut women off welfare as citizenship activities, because it is about changing one's relationship to government, away from a dependency citizenship. People that have not been on government aid, though, are *also* in citizenship relationships. Precisely by *not* using these services they are being an ideal kind of citizen by having a *less* marked economic relationship to the state. This is a middle-class citizenship usually only marked by paying taxes and by the fervent courting of both major political parties. But that is the whole point about the middle class—one of its biggest benefits is being unmarked, of being able to believe that you achieved everything on your own (Coontz 1992; Maskovsky 2010).

In order to consider facing foreclosure a citizenship experience, I take seriously that consumption is a right that citizens hold dear, not only a "cheapening" of citizenship through neoliberalization (cf. Porter 2010). In this regard, I have found especially helpful ethnographies of transitions from Communist or socialist regimes to formal democracy and market economies (Berdahl 2005; Porter 2010; Verdery 1998). Consumption-as-citizenship is particularly visible in these "learning experience" settings. In her analysis of post-reunification East Berlin, Daphne Berdahl delineates how it is both the structural relations between state, citizen, and market as well as affective dimensions that make consumption a compelling way to understand citizenship:

> The analytical utility of the category citizenship, in contradistinction to an analytics of nationality (although the two are obviously closely related) lies in its focus on the public sphere, the role of the state, as well as on questions of the rights, duties, and obligations of national membership, all of which have been transformed by the cultural and economic dominance of consumption and the market.

The usefulness of citizenship, Berdahl continues, is that is spans from the analysis of the public sphere and state form to the personal, subjective experiences of the governed:

> This redefinition extends to the duties and obligations of citizenship as well. Because mass consumption is linked to economic prosperity, responsibilities of citizenship also include the duty to consume—a nation of shoppers. It has also significantly transformed the role of the state in providing a framework for private consumption. (237-38)

As I have outlined above, HCAs and foreclosure mediation programs are state interventions to recast the terms of engagement between citizens and financial institutions.

There is not always a bright boundary between citizenship as I discuss it and what others would call subjectivity more broadly, nor should there be. Subjectivity is a broader way of talking about how it feels to be placed in a social category, to have an identity in relation to others in the world, without necessary reference to the state; hence, citizenship is a particular kind of subjectivity. When I say citizenship, I mean something more akin to political subjectivity, agency, and selfhood—ways of learning how to act as a proper subject in this sociocultural, political economic regime (Cruikshank 1999). Building from feminist epistemology and Foucauldian scholarship, Barbara Cruikshank (1999) argues that politics is located beyond a narrowly defined public sphere. She argues that "technologies of citizenship," including, in her case, women's self-esteem and self-help projects, are inherently political because they enable people to act as certain kinds of citizens. For Cruikshank, then, the self-help movement is political because it cultivates participants' subjectivities and carries with it presumptions about where government should or will need to intervene (Cruikshank 1999:54-56).

That facing foreclosure tacks in and out of an obvious citizenship register is entirely consistent with and, in fact, part of the point about the slippage and blurriness between what is and is not statecraft and governance. And so a relation of citizenship, as responsibilities, rights, or ideal selfhood (in relation to oneself or the community) may show up in either expected or unexpected places. In the relations of power I describe, it would be incoherent if the experience of citizenship were simple to delineate and draw boundaries around. Much like Mitchell's (1991) approach to the state, I take the elusive character of citizenship to be a hallmark of the present. Where is the state? To whom is it responsible? What rights, privileges, and responsibilities does a citizen of such an amorphous state power enjoy? What are the ideal daily and personal practices of a citizen of this regime? What is the experience of being governed and acting as an agent in this political economy? As emerges in the ethnographic chapters, I argue that the answers to these questions are inherently tenuous and uncertain.

My project is in equal measure about experiences of crisis and experiences of finance: the analysis could either contribute to understanding modes of crisis citizenship or of financial citizenship. Indeed, both are at work, for example, when housing counselors talk about the decline of American manufacturing and lament that their clients "are desperate [for work], it just doesn't matter…Just give me something."[6] I think it is very useful to link together larger issues together through the prism of crisis and at times, I adopt Jeff Maskovsky's (2012) framework of "austerity citizenship." In austerity citizenship, citizenship is no longer about rights and responsibilities but about who should be required to make sacrifices. In a longer view, though, I argue that my project helps define an understanding of financial citizenship. Financial citizenship implies an analysis of both the state form and the subject. This perspective brings together work on financialization as a political economic movement and of the growing subjective importance of finance as a self-making activity. The latter encompasses issues like taxpayer politics (Roitman 2004; Abramovitz and Morgen 2006), the sociopolitical importance of credit-scoring (Poon 2009), movements for economic inclusion, banking the unbanked, concern over financial institution "deserts" (like inner cities) where only predatory payday lenders operate, and other movements that take one's distance from financial institutions to be a proxy for full enfranchisement.

[6] Interview, Katrina, April 13, 2011, Lansing, Michigan.

Although it is clear that the Great Recession has intensified the state's demands for public sacrifice (Maskovsky 2012), it is not totally clear what the emerging social contract looks like, though I present facets of this post-crisis citizenship through examinations of encounters with finance, the state, and non-profits I describe in the following chapters. While much research is appearing regarding the material costs of the foreclosure crisis and the merits (or demerits, depending on one's view) of homeownership, this dissertation is about the specific efforts of a small group of people—homeowners threatened with foreclosure and the housing counselors to whom they turn for help—trying to salvage homeownership and other ideas about middle class respectability in a historically significant place for America's class project.

Consumption and the American Dream of Citizenship

Lastly, to insist on citizenship as a relation to the state, market, and other moral subjects is also consistent with the American dream mythology. The American dream is a template for citizenship as pursuit of the good life—not only in relation to the state, but also in moral relationships with others, especially the family, and defined by a particular kind of consumption. Culturally, the American dream narrative establishes a moral order that defines what we owe to those around us and what is owed to us in return (Dudley 1994). Ortner summarizes it as belief "in a kind of decent life of work and family, in the worth of the 'individual' and the importance of 'freedom,' and [to] strive for a moderate amount of material success" (2006:71). The individual conjured up in this narrative is a person who not only works hard but also copes with adversity and accepts responsibility for her or his situation (McGinnis 2009). In return, individuals should expect to achieve a work life that enables them to provide a stable and comfortable family life for their children, with a single family detached home symbolizing what is meant by decent family life. For most of the twentieth century, the American dream linked homeownership to full membership in liberal democracy and a production-based economy where industrial, union labor had high social value. Michigan's autoworkers were seen as most representative of the American dream (Chinoy 1992).

The American dream is a meta-narrative that defines the United States as a nation of equal opportunity for all, where anyone's hard work will be rewarded commensurately. It valorizes a specific kind of individual: one who is diligent, self-sufficient, optimistic, resilient, ambitious, and can afford material goods. This is a meritocracy where hardworking individuals deserve success and can expect increasing class status; in an accepted contradiction, they also expect to pass on their higher status to their children. Like other master narratives, the American dream condenses layers of meaning into one archetypal story that represents a whole, if contradictory, worldview. Master narratives provide moral order to the world and the means to understand ourselves as coherent individuals acting in that world through time. Through personal narratives, we link ourselves to the larger narratives and moral order of society and the nation-state (Cohen 2003; Frederick 2010).[7] Yet, like other founding social myths, the American dream has proven for most Americans to be more of a myth than reasonable expectation (Chinoy

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[7] Cohen (2003) argues that "interiorization of an ideal underpins social and political consciousness in a moment of historical transition" (172) marked by changing ideals and norms. Frederick (2010) demonstrates new ways Americans identify with the rags-to-riches story: African American women watch African American and white televangelists present their own rags-to-riches stories as a reward for their faith.

1992; Davis 1986). Failure to achieve class mobility has historically been understood to as a result of personal rather than structural factors.

Consumption has been a central qualitative experience of the good life in America since the mass extension of consumer credit in the 1920s placed mass consumption in reach of more Americans. Indeed, "by the 1920s a new ethos was widespread. As a newspaper in Muncie, Indiana, editorialized: "'The American citizen's first importance to his country is no longer that of citizen but that of consumer'" (Coontz 1992:170). Houses and mortgages are over-signified in these dynamics. The house represents a commitment to be in social relations in a particular place; a mortgage, one's consent to participate in larger political-economic processes. Further, in times of economic and social crisis, Americans make a collective turn to the home as a safe, secluded, and moral space (May 2008; Coontz 1992) and more recently to gated communities to hold at bay a suite of perceived threats to a safe middle-class lifestyle (Low 2003). Homeownership conveys higher status than renting because the mortgage contract "puts the homebuyer in the position of permanent debtor, in contrast to the renter who is free from any obligations at the end of the lease term" (Perin 1977:72). Perin continues:

> These ties of indebtedness are also political, for in allowing access to debt there is created 'a generalized gift not directly requited, compelling a loyalty' to the banker and to the public institutions whose rules and norms frame his (most often *his*) actions. (76, citation omitted)

The "political gifts" of ownership (Maskovsky 2010) compel homeowners' loyalty to public and financial institutions—thereby forming homeowners into model citizens.

As early as the 1910s, Ely Chinoy observed that autoworkers in Lansing fixated their most intense desires on homeownership (Chinoy 1992:90, 126). Home owning sacrilizes symbolizes middle-class stability, propriety, and privacy, along with the racial (white) and gendered (heteronormative) assumptions of this class position. In her groundbreaking analysis of the cultural determinants of American land use, Constance Perin (1977) argued for the primacy of the ideology of home:

> The family 'is a sacred institution and the fundamental institution of our society.' The family and the good citizenship that homeownership is believed to instill are equally idealized and, thereby, equated. A sacred quality endows both the family and its 'home,' sacred in the sense of being set apart from the mundane and having a distinctive aura. …[I]f one engages in 'competition' and 'gets ahead,' then one can achieve the ideal family existence, fulfilling both the American dream and the American Creed. Any other residential dwelling…is a “compromise” with those ideals (Perin 1977:47).

In times of socioeconomic crisis, social reformers, ordinary Americans, authors, grassroots organizers, among others turn to the family as a bulwark against crisis. Domesticity is a middle class ideal because it implies that a man in the household is earning a family wage that can support a wife in full time home production (Gordon 1994; Coontz 1992). Even when men do not earn a family wage and their partners work for wages, Americans associate women with middle class values, because of their linkage with domesticity and non-physical labor, and men with the working class (Halle 1984; Ortner 2006). Crises of class and family are also then crises about women’s propriety. Throughout the country’s history, Americans have perennially “rediscovered” family values politics in times of change: notably, Coontz (1992) finds that the Industrial Revolution, the Gilded Age, and the Cold War-era nuclear family were all moments when Americans turned to the home as a refuge against external threats to the moral order they understood. "The desire for the single-family home as a refuge against a chaotic world was not a postwar creation. Indeed, it dates back to housing reformers of the nineteenth century who first articulated the suburban family ideal. But it achieved new vigor in the postwar years, largely because the ideal was now within reach of most middle-class and many working-class Americans" (May 2008:164).

The Promotion of Homeownership

Since at least the 1920s, American mythologies and policies promoting ownership have equated homeownership with the highest level of social belonging, that is, with full citizenship (Perin 1977).[8] Owning a single family, detached dwelling so thoroughly became the outward evidence of the American dream that by the 1950s, the American dream became equal to homeownership (Cullen 2003). The car and the detached suburban home are emblems of the post-war American dream of affluence, with the upward mobility of Michigan's blue-collar autoworkers attesting to the dream's accessibility to anyone willing to work hard.[9] Yet, access to the dream of homeownership has been restricted by and has reinforced preexisting lines of inclusion and exclusion. Best known among these are low-interest Veterans Administration loans instituted after World War II to promote homeownership by veterans in the growing suburbs (and which continue today) and its infamous corollary of redlining majority African American neighborhoods by the Federal Housing Authority (FHA) and private lenders, and the application of exclusionary racial covenants and blockbusting techniques (on covenants and blockbusting see Sugrue 1996).

[8] Cullen (2003) considers the association of citizenship and homeownership to have begun with the Homestead Act of 1860. Others might consider the association to have begun with the restriction of citizenship to white male property owners.

[9] Even if the dream was not born out by the limited options for upward mobility offered by life in the factory (Chinoy 1992).

For the first half of the twentieth century, especially just after World War II, the auto industry as a whole stood for the citizenship of welfare capitalism: members of the working class were able to enter the middle class through relatively high wages, mass consumption, collective bargaining agreements, and the Cold War ideology of containment that led the federal government and corporations to support welfare capitalist policies (Fine 2004; May 2008; Harvey 1989; Gramsci 1971). Yet, even in these halcyon days, Ely Chinoy found that, contrary to the promise that a factory job would lead workers to a higher class standing, contrary to the idea that they could "get ahead" through that work, auto work in mid-century Lansing was precarious. Workers had not become urban and self-sufficient through factory work but often left the factory during summer shutdowns to tend farms that provided an additional livelihood. Workers did engage in their own American dreaming, often to leave the factory and strike out in business for themselves. But that was a remote possibility for most. Instead, autoworkers translated the American dream into a basic level of financial security, being able to own their own homes and pay all their bills.

While the myths and marketing of the auto industry fueled Americans' citizenship desires, the federal government's actions made helped make single family homeownership more accessible. Cars enabled the postwar suburban housing boom by making transportation from outside the urban center affordable for more Americans (Cullen 2003). The federal government financed this suburban expansion through billions of dollars of infrastructure improvement, laying roads and sewers, and subsidizing Veterans Administration (VA) loans to white veterans while investing in cities at a fraction of the rate and excluding large portions from any VA or Federal Housing Authority or Housing and Urban Development Funding because of the policy of redlining minority neighborhoods (May 2008; Sugrue 1996).

In the wake of the civil rights movement and grassroots organizing, Congress passed a series of housing policies as part of Great Society initiatives to decrease racial and wealth disparities. Title VI of the Civil Rights Act establishes that "no government benefit may be provided on a discriminatory basis, including any of those provided through the programs of the U.S. Department of Housing and Urban Development, as in federal mortgage insurance, housing subsidies, urban renewal and community development funds" (Perin 1977:7). I understand the Community Reinvestment Act (CRA) of 1977 and subsequent bills to promote equal credit opportunity for low income and minority borrowers as efforts to extend liberal citizenship to more potential homebuyers.

With the global turn to neoliberal policies begun in the 1970s, governments have been especially keen to enhance private property rights and consolidate the advantages of ownership. In other countries, this has manifested as massive campaigns to "normalize" squats and informal settlements—either by razing them for illegal occupation of public lands (Amouroux 2009) or by parceling and issuing legal, individual titles to homesteaders (Holston 2008; Mansfield 2007; see also Soto 2000). The long history of aspirations for homeownership in the United States has meshed easily with neoliberal policies that privilege private property rights.

It is well known that inflation-adjusted wages have been stagnant since the 1970s, inequality is increasing, and that class mobility is much more limited than the national "meritocracy myth" portrays. Nationally, Americans have kept the façade of middle-class status by going deeper into consumer debt (Williams 2004; Reich 2010). Policymakers, financial planners, media commentators, and more have promoted homeownership as one of the safest—and most American—ways of building wealth. In lieu of higher wages or more progressive, equalizing taxation, Americans have been encouraged to overcome structural inequalities through their personal investment choices. The 1986 Tax Reform Act, for example, exacerbated the material difference between renting and owning by eliminating the tax credit available for paying credit card interest while preserving the deduction for mortgage interest (Williams 2004: 58). This tax credit constitutes the single biggest federal subsidy promoting homeownership over renting. Both Democratic and Republican administrations have promoted homeownership as key to upward mobility and a model for citizenship. The Clinton administration was especially concerned with extending homeownership to poor and minority borrowers as evidence emerged that, in spite of the 1977 Community Reinvestment Act, minority applicants and all women were more likely to be rejected for a mortgage or receive loans with predatory terms (Munnell, *et al* 1992; Avery, Beeson, and Sniderman 1993; Immergluck 2009). George W. Bush's "ownership society" advocated personal control of health care, parental control of their children's school choice, and a privatized retirement system because of an inherent skepticism of government provision and drive toward privatization, but also because ownership was presumed to give individuals "more dignity, more pride, and more confidence" (Boaz n.d.).

The driving force of the 2002–2007 housing bubble was not dignity nor inclusion, but profit. Among the many factors contributing to the "perfect storm" of the housing crisis were the growth of increasingly complex mortgage-backed securities and, second, the increasing role played by mortgage brokerage firms not subject to the same regulatory standards as depository institutions. First, after the dot-com stock market bubble burst in the late 1990s, investors were seeking new vehicles to replace technology stocks, on which they could earn high returns—and found such an opening in the residential mortgage-backed securities (MBS) market. Housing prices had been rising since 1997 and history seemed to indicate that prices would continue rising indefinitely (Shiller 2008). Investors' demands for more MBS drove down underwriting standards at brokerage firms, which in turn aggressively marketed subprime and exotic loans (Immergluck 2009; Shiller 2008; HUD 2010; Saegert, Fields, and Libman 2009). When derivatives markets are working as intended, derivatives are financial tools that *respond* to some underlying condition in the economy; during the housing bubble, this was inverted as investment demands *changed* the fundamental economic conditions—namely underwriting standards and mortgage origination (Immergluck 2009).

Second, regulatory gaps and failures allowed a diverse array of mortgagees (mortgage originators) to lower underwriting standards, aggressively market subprime loans. Banks are regulated by the Office of the Comptroller of the Currency or Office of Thrift Supervision, if they have national or state charters, respectively; they are also regulated by the Federal Deposit Insurance Commission and Federal Reserve. Because they are not banks with deposits, mortgage brokerage firms are not subject to the CRA and other oversight and lending standards applicable to banks. Immergluck (2009) argues that during the most recent housing bubble, the Federal Reserve was in the best position to regulate mortgage brokers but did not because of wanting to be "industry-friendly." During the bubble, mortgage brokers originated fully half of all new loans. Other lenders, including the government-sponsored Fannie Mae and Freddie Mac, followed subprime lenders' lead into lower underwriting standards in hopes of maintaining market share (HUD 2010; FCIC 2011). By the peak of the housing bubble in 2006, just over half (51 percent) of new mortgages were "low-documentation" loans and average debt-to-income ratio had risen to 42 percent, compared with a historical benchmark of 30 percent (Immergluck 2009:86). Because mortgage originators were going to sell off the loans to investors, brokers and lenders earned their money not by the loan's repayment, but through origination fees and other upfront costs, giving them incentive to sell more expensive (subprime) loans. And because originators had no material stake in their performance—no "skin in the game"—giving risky loans was not risky to the originators, but to homeowners saddled with unaffordable debts and the investors to whom they were owed.

For consumers, this bubble eased access to the American dream of homeownership—and added the appealing promise of getting ahead quickly because of rising house values, while simultaneously increasing household debt to a historic high of 133 percent of disposable income (Porter 2012:4). Nationally, homeownership peaked in 2004, at 69.2 percent. Median housing prices nationally peaked in March 2007, at $262,600, up 37 percent from just one year earlier. Price increases were already slowing, however, compared with their exponential growth from 2003–2006. Out of necessity and on the advice of lenders, many with adjustable rate mortgages (ARMs) refinanced these loans just before they would reset at higher interest rates, adding yet more fuel to the investment fire by generating a new loan to be sold. When price rises stalled, homeowners were not able to continue this strategy and they began defaulting. Since then more holders of prime mortgages have defaulted due to the Great Recession—sparked by the housing bust—but recognized as a cross-sector recession in December 2007. Real estate analysts estimate there have been approximately four million completed foreclosures since 2007 and that there will be at least three million more delinquencies resolved through foreclosure, distressed sale, or work-out plan through 2013.

Situating Michigan in the Foreclosure Crisis

"Michigan represented the embodiment of the great American Middle Class. …[But] when the bottom fell out of the national housing market and our financial system in 2008, no one felt the pain more than Michigan."

— Shaun Donovan, Secretary of United States
Department of Housing and Urban Development

"The Cities that Built America"

The banquet hall in Lansing's downtown convention center was dimly lit as I tried to maneuver toward a table to listen to HUD Secretary Shaun Donovan give keynote remarks at the 2010 Michigan Conference on Affordable Housing. About 1,500 housing counselors, elected officials, housing program administrators, real estate developers, and homeless service providers were gathered for the conference in Lansing, the state's capital. The convention center occupies central real estate downtown, fronting the Lansing River Trail, drawing pedestrians and cyclists into downtown's redeveloped spaces. Just north of the convention center is the Lansing City Market, one of the oldest farmers markets in the country, attesting to Lansing's perennial identification with the surrounding countryside. At the time, the original market building had just been demolished and was being replaced by a new corrugated steel barn: from the Old Town business district northeast of downtown, to REO Town to its south, and the revamped market, the city was avidly in the throes of reinventing itself within its past.

Across the river from the convention center lies an art deco power plant that had just undergone conversion to an insurance company's corporate headquarters. Beyond that, the 19th-century capitol building dome protrudes skyward. From the deck of the convention center, the city's historical economic incarnations seemed to march toward the observer—from Lansing's nearly accidental selection as the seat of state government in 1847, to a period of industrial grandeur in the early twentieth century, through unmarked, unmemorialized deindustrialization, detectable in the architecture of redevelopment and reinvention. Indeed, the eastward view from the convention center almost seemed to actualize city boosters' narratives of progress and inevitable, if not easy, triumph.

But at the time, April 2010, Lansing, along with the rest of the state, was five years into a different kind of urban restructuring—a foreclosure crisis during which foreclosures had increased two-and-a-half times (Isley and Rotondaro 2012). Making matters worse for Michigan, General Motors declared bankruptcy in 2009. The state of Michigan faced budget shortfalls in 2009 and 2010 but because of a balanced budget constitutional amendment, they had to be reconciled, which was achieved largely through furloughs and layoffs of state workers and the reduction of health, corrections, and education funding. Michigan registered the highest unemployment rate in the nation and among the highest rates of foreclosure.

As HUD Secretary Donovan took the podium at the Michigan Affordable Housing Conference, a few hundred housing professionals were eating at linen-topped tables and milling around the edges of the banquet hall. I was in the middle of fourteen months of ethnographic fieldwork on foreclosure and foreclosure intervention programs in Lansing and surrounding areas. In large part, this consisted of participant observation at HCAs in

Lansing where distressed homeowners sought help from counselors to negotiate with their lenders in hopes of avoiding foreclosure. I scanned the room trying to find some of the ones I knew but, failing that, I joined a table near the back of the hall where a group of colleagues from western Michigan were eating together. Secretary Donovan took the stage and in his remarks, reinforced the deep intertwining of Michigan's industrial past with the current foreclosure crisis and efforts to figure out revised terms for middle class American citizenship in the wake of the Great Recession:

> I want to talk about the challenges this state faces…And above all, I want to talk about our commitment to helping rebuild the cities that built America…
>
> Everyone here recognizes what Michigan has meant to America—this state was a symbol of what made America great in the 20th century.
>
> That famous Charles Erwin Wilson line—"What's good for General Motors is good for the country"—may have turned out to be a bit of a misquote—but the point is clear:
>
> Michigan represented the embodiment of the great American Middle Class.
>
> It was central to the very American idea that, no matter who you were, if you were willing to work hard for a living, you could earn a decent wage, retire with dignity and pass on a better life to your children.

In this excerpt of his remarks, Secretary Donovan reinforced the national mythologizing of the auto industry as the heart of the twentieth century American dream. Donovan's comments glossed over the much longer history of deindustrialization in Michigan's central and eastern cities, and the state's economic and regional diversity. Lansing, for example, has a diverse economy, marrying the historical importance of government, education, and manufacturing with more recent growth in retail, entertainment, and service sectors. From 2007-2011, the latest statistics available, education, healthcare, and social assistance was the largest employment sector (25%), followed by retail (12%), manufacturing (11%), arts, entertainment, and food service (11%); professional, scientific, management, and waste management occupations (10%); and public administration (9%). Western Michigan's industrial history has been distant from automobiles, being more connected to pharmaceuticals and furniture making. Northern and western Great Lakes coastal communities are heavily involved in tourism. Northern Michigan also has forestry and a large corrections industry, where high-security prisoners, often men of color, are sent to rural, overwhelmingly white communities for incarceration.

The framing of, and elisions in, Donovan's comments are crucial to understanding what is understood by a broad suite of actors—distressed homeowners, consumer advocates, activists, policymakers, politicians—to be at stake in the foreclosure crisis in Michigan. History and nostalgia, therefore, figure prominently in my analysis of how foreclosures affect citizenship. Michigan is a particularly salient place for discussing the meanings of class—specifically the project of making America middle class (the terminology comes from Ortner 2003).

From the podium, Donovan continued his historical tour through Michigan's rise and fall:

> Of course, while that story may have begun in cities like Detroit, Flint and Lansing, it didn't end here. It was repeated in cities across the Midwest—in steel mills in Pittsburgh, in Cleveland, in Gary, Indiana.
>
> And make no mistake: it was here in Michigan's auto plants that we saw the promise of America—and some of the first desegregated workplaces *in* America, creating good jobs for tens of thousands of African Americans.
>
> Indeed, for many, getting your first job at the Big Three was "getting baptized"—that first step up the economic ladder toward the American dream.
>
> But of course, we all know how that Dream was eroded these last several years…when the bottom fell out of the national housing market and our

> financial system in 2008, no one felt the pain more than Michigan. (Donovan 2010)

As the birthplace of the American auto industry and strongest labor union, Michigan's mid-century history has been emblematic of the possibility of the blue-collar middle class, upward mobility, economic and social inclusion for African Americans and, all told, the prototype of the good life in America. In its struggles to resist and redefine itself post-industrially—and now, with foreclosures and infamously "shrinking cities"—Michigan is a place that can inform us not only about the anxieties of the current crisis but also about deeper, more historically rooted anxieties about the meaning of class, political subjectivity, and other cultural projects in America. It is to those dynamics of history and nostalgia that I return in chapter 3. In the rest of this section, I provide context on the foreclosure crisis that began in Michigan in 2005, then introduce my data and methods.

The Context of Local Foreclosures

Michigan was the only state in the country to lose population between the 2000 and 2010 Censuses. Lansing lost 4.5 percent of its population, measuring in at 114,297 (Table 1). In Detroit, the loss was a devastating 25 percent, exacerbating the abandonment of once-thriving African American neighborhoods, in some areas leaving two or three occupied houses standing on a block amid neglected and decaying houses or empty lots where the city has razed abandoned houses as dangers to public safety (e.g., Bergmann 2008). During the time of my research, Detroit "ruin porn" flourished online and in print media, attesting to the national fascination with the state's fall from grace.

Table 1. Demographic Information: Lansing, Detroit, Michigan, and United States

	Lansing	Detroit	Michigan	USA
Population, 2010	114,297	713,777	9,883,640	308,745,538
Population, percent change, 2000 to 2010	-4%	-25%	-1%	9.7%
White persons, 2010	61%	11%	79%	72%
Black persons, 2010	24%	83%	14%	13%
American Indian and Alaska Native persons, 2010	1%	0%	1%	1%
Asian persons, 2010	4%	1%	2%	5%
Persons reporting two or more races, 2010	6%	2%	2%	3%
Persons of Hispanic or Latino origin, 2010	13%	8%	4%	16%
Homeownership rate, 2007-2011	55%	54%	74%	66%
Median value of owner-occupied housing units, 2007-2011	$97,400	$71,100	$137,300	$186,200
Median household income, 2007-2011	$37,528	$27,862	$48,669	$52,762
Persons below poverty level, 2007-2011	25%	36%	16%	14%

Source: My compilation from People QuickFacts, U.S. Census Bureau

No longer the bastions of stable industrial employment they once were, Michigan's industrial cities—Lansing, Detroit, Flint (not shown)—now have populations significantly poorer than the average American household (Table 1). In Jan. 2013, I updated this section with data from 2007—2011 American Community Survey, to replace the 2005—2009 numbers. What it showed me was a continued slide of Michigan downward and, significantly, away from the national experience. Median property values and household income in Michigan, individual cities and the state as a whole, continued to decline, with an attendant rise in poverty. As a whole, housing values and household income rose in the United States while the level of poverty remained constant. In broad, raw form, these statistics illustrate the lived experience of urban Michiganders slipping from centrality to the margins, from the heart of a triumphant middle class experience to the sidelines: that, as Donovan intoned, "when the bottom fell out…in 2008, nobody felt the pain more than Michigan." By saying this, I do not mean to argue for the finality of this state, nor to reinforce a defeatist narrative. Rather, these statistical measures echo the quality of experience I found in the housing crisis—one of slippage, of pause, of the hope and potential to regroup without a firm grasp on belief about what the future will hold.

While Michigan experienced a one-state recession beginning in 2001, certain areas simultaneously experienced a housing bubble, though a more modest one than the Sand States of California, Nevada, Arizona, and Florida (HUD 2010). Michigan has long had a higher than average homeownership rate, which peaked in late 2006, at 78 percent. Statewide, median housing prices rose from $115,600 in 2000 (Census 2011a) to $137,300 for the period 2007–2011—after coming down from their housing bubble height. Highly segregated cities, including Detroit, Flint, and Muskegon were swept up in the wave of fraudulently high appraisals and predatory lending that marred minority communities across the country during the housing bubble (Squires, Hyra, and Renner 2009).

Foreclosures began to rise markedly in 2005 due to the confounding effects of high unemployment and people leaving the state in search of other work.

Since the beginning of the national foreclosure crisis in late 2006, Michigan has been among the five states with the highest foreclosure rates along with Arizona, California, Florida, and Nevada. Yet there are important regional and local differences shaping the housing crisis. The other high-rate states, the so-called "sand states," typify speculative investment in real estate, a boom in housing prices facilitated by exotic new mortgage instruments that led to sharp default rates and later, a rise in unemployment. In Michigan, in contrast, job losses or reduced income accounted for upwards of 90% of new foreclosures.

Mirroring national trends, the rate of foreclosure in the city spiked in 2006 and peaked in 2008; the change from 2005 is a 133% increase (789 versus 1,841). One housing professional I met during the course of this research claimed that prior to the current crisis, there were about 70 people per year counseled by non-profit housing counselors about foreclosure. Lansing mayor Virg Bernero in September 2009 noted that there were ten foreclosures a week in the city. These numbers of course do not reflect the concentration of unemployment, poverty, and foreclosure by race/ethnicity, class, gender, and neighborhood.

Foreclosure is, by design, punitive to homeowners. Punishments include the loss of higher status as a homeowner, tax breaks, loss of the house itself, all the money invested in it, the threat that a lender may pursue a deficiency judgment,[10] and damaged credit for up

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[10] A lender can seek a deficiency judgment for is the difference between what was owed on the mortgage and the resale price after foreclosure. Some states, called non-recourse, do

to seven to ten years. Brent White (2010c) argues that government agencies, lenders, and HCAs among others, exaggerate the actual consequences of foreclosure in order to cultivate more shame. Homeowners' shame is "useful" for preventing banks from incurring losses by encouraging homeowners to sacrifice as much as possible to avoid foreclosure.

Much of the pre-foreclosure process publicly marks those at risk of default. In Michigan, lenders publish notices in the newspaper for four weeks before a sheriff sale. These are supposed to notify homeowners and any other lien-holders of the immediacy of foreclosure; in effect, they also alert family members, neighbors, speculators, and scammers to a distressed owner's situation. The sheriff also marks the house by putting a pre-sale notice on the house's window. Again, this is supposed to be a notice a homeowner cannot help but see—in case they are not opening mail from their lender and have missed the other announcements about the auction. Participants in my research experienced the notice taped to the window as a moment of deep shame, being marked as though with a scarlet letter. A common motif about foreclosure is that families pack up their belongings in the middle of the night, never to be heard from by their neighbors again, to avoid the shame of being identified with foreclosure. Housing professionals and public officials frequently brought up stories about neighbors or acquaintances leaving in such a way. Many homeowners I talked to experienced feelings of panic and shame about having their troubles made public; most who allowed me to interview them, though, spoke about the importance of sharing their stories to reduce the shaming power of foreclosure and possibly to help others facing default in the future.

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not allow this; Michigan does. It is a threat most often raised against those who threaten to walk away, rather than negotiating a short sale, deed-in-lieu of foreclosure, or participating in a "cash for keys" program where the lender effectively pays the homeowner some moving costs in exchange for not damaging the property before leaving.

In July 2009, facing a foreclosure rate that had nearly tripled in three years, the Michigan state legislature passed a package of bills (HB 4453—4455) aimed at reducing foreclosures. The state's analysis was that because less than 20 percent of homeowners contacted their lenders or a housing counselor when there was still time to avoid foreclosure, it would benefit constituents to require lenders to inform them of their right to negotiate an alternative to foreclosure (Senate Fiscal Agency 2009). When the law went into effect, Governor Jennifer Granholm appeared with housing counselors in a series of public service announcements. One counselor somewhat dubiously exclaimed to me that in doing so, she "made us all experts overnight." The original bills required that in order to activate the negotiation period, homeowners had to work with a HUD- or MSHDA-certified housing counselor. Housing agency client volumes correspondingly rose, creating the chaotic field sites I observed and through which I met counselors and troubled homeowners.

Research Methods, Participants, and Data

Methodologically, this project used standard anthropological tools: participant observation, interviews, and surveys. The bulk of primary data collection was participant observation at two private, non-profit housing counseling agencies, observation in other venues, such as the Michigan Foreclosure Task Force and foreclosure-related events for legislators; and interviews with homeowners, housing professionals, and housing/consumer activists. In addition, I draw on housing counseling program and training materials. This research was condcuted with approval of MSU's institutional review board (IRB) under approval #09-684, first approved August 5, 2009 and renewed annually. I offered participants the option to appear under their real names or a pseudonym. I have followed their choices except where identifying one person would reveal the identity of someone who wished to remain confidential.

Participant Observation

With endorsement from the Michigan State Housing Development Authority (MSHDA) and cooperation of several mid-Michigan housing counseling agencies, various other state agencies, and community groups, I conducted fourteen months of ethnographic research in mid-Michigan (from August 2009—October 2010) and, to a lesser degree, east Michigan, on the experiences of homeowners facing foreclosure and the work of housing counseling agency staff . All participant observation conformed to the agency's confidentiality agreement as well as IRB-approved protocol. Each agency provided a letter of support outlining the project and participation I undertook with each agency.

Most of my participant observation occurred at one agency—Franklin Street Community Housing Corporation in Lansing—that has three housing counselors who work with homeowners in face-to-face sessions. I volunteered at this agency from February to October 2010 an average of ten hours a week. Primarily I answered phones, checked the voicemail, scheduled appointments, and did the first level of intake for foreclosure intervention clients. The first level of intake consisted of a telephone screening to find out how many mortgage payments a person had missed, if they were already in foreclosure, and what income and expenses they had. The agency perpetually needed help from volunteers in answering the phone and responding to voicemails and their under-staffing allowed me to be very close to the conversations that clients have with housing counselors even before I started interviewing clients in June 2010. At this agency, I observed and took notes on seventeen individual counseling sessions—the majority (13) were intake counseling sessions where clients spend an average of two hours going over their budget, what happened to place them in danger of losing the house, what outcome they were hoping for, the counselor discussing possible strategies with them, and making initial contact to negotiate with the mortgage servicer. Because these clients consented to let me observe their sessions, their primary housing counselor would update me on how their case was proceeding if she had an update. The remaining sessions I observed (4) were follow-up appointments that happened at important moments in the negotiation process—either the client had a mediation meeting with an attorney, had received an offer of or rejection for a loan modification, or their house was about to sold at a sheriff sale. I also interviewed most of the homeowners whose counseling sessions I observed.

I spent four full days at telephone counseling centers in Lansing—three at a local non-profit that counseled clients over the phone,[11] and one at a statewide referral hotline. These telephone agencies offered me much less opportunity to interact with homeowners than Franklin Street. The non-profit telephone agency also had a full-time receptionist and intake specialist so I was never able to speak directly to clients on the phone nor, of course, talk to them while they were waiting for their appointments. Counselors explained their process and cases (without identifying details) to me, they allowed me to listen to follow-up calls to servicers, and observe trainings conducted online or by conference call. Finally,

[11] Working with local clients over the phone is different than the phone bank/call center model of housing counseling where homeowners from anywhere in the country call in to a centralized phone system and have all their counseling over the phone by a person potentially many states away.

at the referral hotline, I answered calls from distressed homeowners who wanted contact information for a non-profit housing counselor in their area.

I also was able to observe and take notes on housing counselor trainings, including a five-day training by a national housing intermediary; community meetings, and political rallies where the recession was inevitably a focus. Throughout this research, I attended meetings of the Michigan Foreclosure Task Force, a coalition of housing counseling agencies, consumer advocates, legal aid attorneys, and former and current elected officials. My own Lansing neighborhood and social networks were also important sites for participant observation as I saw more houses near mine being red-tagged, houses covered with hand-painted for sale signs, and talked with friends and neighbors about the recession. Lastly, my own experiences from 2005 to 2011 typify many elements of the housing boom and bust. I talk about these in much greater depth in the next chapter.

<u>Interviews</u>

I conducted semi-structured or unstructured interviews with 63 participants in this research—29 homeowners, 32 housing professionals, and 6 activists that contest foreclosures and evictions.[12] The interviews reported here lasted between 30 minutes and three hours each. These do not include, for example, informal interviews where I was able to probe deeper into a topic during conversation nor, of course, conversations as part of the everyday life in the housing counseling agency.

[12] Four people are counted in two categories—two are both homeowners and activists; two others are housing professionals and activists.

<u>Homeowners:</u> I interviewed twenty-nine homeowners in twenty-one households[13] who were in any stage of the foreclosure process: from those severely underwater but not yet behind on a payment, to those negotiating with their servicer for a loan modification, to those whose houses had been foreclosed. Because of the length of time homeowners spent facing foreclosure, I was not able to follow particular homeowners from the point of delinquency to resolution. Identifying homeowners at various stages in the process, however, allowed me to cover the full spectrum of the foreclosure experience. I collected demographic information from twenty-four residents living in eighteen households. Just over half the people I interviewed were women (54%), most (71%) were white, half were married; the other half were divorced (21%), single (21%) or widowed (4%). The households were almost evenly split between being first-time homeowners (44%) and not (50%).[14] The median age of homeowners was 45. These were not young, first-time homebuyers who had "gotten in over their heads" from the moment they contracted a mortgage.

In household composition, age, and gender, the homeowners I interviewed were similar to all homeowners who have sought help under the National Foreclosure Mitigation Counseling (NFMC) program and other HUD housing counseling services (Jefferson et al 2012; see Table 2). Overall, housing counseling clients are evenly split by gender and racially diverse. Though whites are the single largest racial group among housing counseling clients, they are under-represented given high rates of homeownership for

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[13] In two cases I interviewed a homeowner's family member who was not residing with them but was involved in helping them navigate their housing crisis.

[14] I interviewed one young woman who was living with her family in her late teens when their house was foreclosed.

whites. To take it another way, African Americans represent 26% of housing counseling clients nationwide but are only 8% of U.S. homeowners, simply one more indication of the disproportionate effects of predatory lending on African Americans.

Table 2. Household Characteristics of Homeowners Facing Foreclosure

	Homeowners Interviewed for this Project	Michigan Housing Counseling Clients, all types of counseling	NFMC Counselees (U.S.)
Gender			
Female	54%	-	52%
Male	46%	-	48%
Race			
White	71%	52%	43%
African American	21%	32%	26%
Asian	-	0%	3%
Other minorities	-	<1%	1%
Multiracial	-	4%	1%
Other race, missing, or refused	4%	11%	6%
Ethnicity			
Hispanic or Latino	4%	7%	21%
Household Type			
Married	50%	-	54%
Single Adult	33%	-	19%
Female single parent		-	13%
Male single parent	5%	-	4%
Two or more unrelated adults	-	-	3%
Other	11%	-	7%

Sources: Demographic profiles filled out by participants; MSHDA 9902 data for fiscal year 2010; last column adapted from NFMC data through January 31, 2010 from Jefferson et al (2012).
Notes: For HUD housing counselees and all homeowners, Hispanic or Latino may be of any race. NFMC used Hispanic or Latino as a race category. Participants in this project self-reported race/ethnicity. Figures may not sum to 100 because of rounding.

I worked closely with housing counselors to recruit most of these homeowners. Although these are only a subset of distressed borrowers and may be different than all foreclosed owners—especially those who did not seek counseling or who strategically defaulted—meeting homeowners this way has several methodological virtues. Seeking housing counseling is one of the most reliable ways to identify distressed homeowners. Counselors have established relationships of trust with their clients, making meeting owners through counseling agencies far more reliable than other ways of contacting homeowners near foreclosure (i.e., cold-calling owners with a sheriff sale notice in the paper). Working with housing counseling agencies also revealed signature issues of this foreclosure crisis—namely, loan modification programs. I did participant observation at housing counseling agencies, which gave me a specialized knowledge of how housing counseling operates, but this did not lead me into deep relationships with the homeowners' everyday lives. Meeting the homeowners I interviewed for this dissertation was transactional—and so my insight into their lives is correspondingly partial and focused on housing. In this, my project does not differ from many urban research projects where investigators more often rely on interviews than participant observation because of the difficulty of defining the spaces for social interaction (Gmelch and Gmelch 2009).

My strategy of working to recruit through counseling agencies did not, however, get me access to homeowners who are not involved in a formal program to modify their mortgage, who are arguably most homeowners facing foreclosure. Because this population is even more difficult to identify and access, I took any opportunity that arose to talk with such homeowners through personal networks, research contacts, and Facebook. On Facebook, National Public Radio (NPR) solicited responses from anyone willing to discuss a foreclosure or short sale for an upcoming story. On the assumption that anyone willing to respond to a public comment thread about their story might be receptive to talking to me (in addition to NPR), I searched the comment thread for any comment mentioning Michigan. I contacted four people, all of whom eagerly agreed to be interviewed. I interviewed three of these people—all in the greater Flint area—in person and one woman from Traverse City over the phone.

Most interviews with homeowners ended up being extremely open-ended, as one of the major complaints homeowners facing foreclosure have is that no one is interested in hearing their story. The narrative format of the interviews also accorded very well with my theoretical interest in narrative as a way that individuals form a sense of ethical personhood and as political subjects. For the few participants who weren't forthcoming, interviews followed an interview guide on their personal background, the current housing issue, and the sociopolitical context of the foreclosure crisis (see appendix). In all the discussions, we ranged over topics from the homeowner's childhood to their current housing difficulties, to the broader political economy.

<u>Housing Professionals and Activists:</u> I conducted interviews and meetings of varying formality with housing professionals from nine housing agencies, including the Michigan State Housing Development Authority (MSHDA), and two mortgage lender employees. I also had meetings with representatives of bankruptcy court, legal aid projects, and two groups of grassroots activists. Across these various kinds of interviews and meetings, I worked with thirty-two housing professionals and six activists in Detroit. Most of these discussions were more targeted to the person's professional life, including discussions of the policies, institutions, and cultural changes that enabled the housing boom and bust. I

interviewed 32 housing professionals from nine housing agencies, two mortgage lenders, bankruptcy court, and legal aid projects, and 6 activists who contest foreclosures and evictions.[15] Twenty of them were employed in the housing counseling industry and were overwhelmingly white (85%) and women (90%). The industry as a whole is also dominated by women and whites (Jefferson et al 2012: 70) but not to such an extreme degree. The two groups of activists I interviewed in Detroit, like the city itself, were overwhelmingly (83%) African American. In addition to attending several membership meetings and public events sponsored by the Moratorium NOW! coalition, a foreclosure prevention group allied with the Workers' World (socialist) party in Detroit, I interviewed one of its directors and two homeowners who had become activists after the coalition fought (unsuccessfully) to help them keep their homes. Moratorium NOW! uses protests at homes threatened with foreclosure, bank branches of foreclosing lenders, letter-writing campaigns, and "pack the courtroom" tactics, in addition to having 2 participating lawyers who represent homeowners in court. The other three activists pursued a purely court-based strategy of contesting violations of legal process by foreclosing lenders and local officials in eviction proceedings. Given Detroit's history of radical activism, compared to Lansing's more milquetoast record, it should not be surprising that grassroots campaigns against foreclosure took hold in Detroit but I found none in Lansing.[16]

<u>Documentary sources:</u> I collected materials produced by agencies I worked with, training materials that counselors found useful, training materials provided at the week-

[15] Again, note that two of the housing professionals also self-identify as activists.

[16] Arguably, the closest effort would be ACORN, whose local branch closed in late 2009 after Congress ended all federal funding for the organization.

long housing counselor training I attended, relevant legislation (e.g., Michigan's 90-day laws and the TARP bill), and academic and government analyses of the causes of the housing crisis. Because of the immense volume of information constantly emerging, I have needed to be selective and partial, at the risk of missing some analytic gems along the way. Media analysis posed the same problem: since coverage of the housing crisis and recession filled most media outlets before, during, and after the time I was officially in the field, figuring out how to select from the overwhelming volume of information has proven particularly challenging. I have, therefore, focused on articles and blog posts that people I interviewed suggested to me, or that I found especially informative.

As urban research on an economic crisis in my own community, this project posed methodological and epistemological challenges. Urban fieldworkers typically feel that they do not get a sense of belonging in a whole social world, or of having an understanding of a coherent community. Of course I entered "the field" having dense social networks and an overall sense of Lansing as a community based on having lived there, as homeowner, as graduate student, for four years. However, like any city resident, my knowledge of the city was partial and had only begun to be touched by the housing market collapse—literally, as houses up and down my block and throughout the neighborhood went into foreclosure and were red-tagged. Ethnographers working in their own communities often feel conflict at redefining their own social milieu from "home" to "field site." There is a sense, as Ortner (2003) wrote of researching class and her own high school cohort, of feeling "overwhelmed by the fact that my whole culture has become my text, my ethnography. I can't read a newspaper, see a movie, watch television, without it being part of my fieldwork. No escape" (22–23). Especially because I was researching the major national news story at the time, the opportunities to find data never ended. From finding the breakfast feature at a local restaurant billed as the "Economic Downturn special," to opening any newspaper or website in the last five years, there was and remains, as of this writing, no escape from the questions about homeownership, class, and their relation to one's experience as a political subject. As noted, almost all media outlets include at least one story on foreclosures—and certainly one on the recession—every day.

Lastly, the substance of an ongoing economic crisis poses methodological and analytic problems. In the ongoing struggles of the housing market and serious efforts all around to rope people into class- and political projects built from the recession (however interpreted), deciding when and how to "leave the field" is not a simple matter, nor is placing radically unsettled events into an interpretive framework. As Ferguson found in researching urban decline in the Zambian copper belt, doing research on an ongoing economic crisis makes it hard for both the subjects of research and the ethnographer to understand what is happening and why (1999:19). He found that his subjects did not "inhabit a stable and well known social order. They did not know what was happening to them and did not understand why it was happening. Neither did I...What happens to anthropological understanding in a situation where 'the natives' as well as the ethnographer lack a good understanding of what is going on around them?" (19). In the case of Ferguson's project with Zambian mine workers and mine with distressed Michigan homeowners, we are confronting the experiences of groups of people who have historically symbolized the great successes of their countries, only to be most hard-hit by devastating economic changes. Ferguson resolves his analytic dilemma by in-depth studies of urban residents who move back to the countryside to make a living, physically moving against the nation's myth of development and progress symbolized by the cities.

In my case, I approach the problem as my interlocutors did—as being fundamentally *about* the uncertainty and the new learning that accompanies this terra incognita. It is about a moment in time, from late 2009 to late 2010—a moment of heightened uncertainty and anxiety, high foreclosures and long delays, the moments just before the robo-signing scandal broke, and before Occupy Wall Street taught Americans to identify their thwarted class ambitions with "the 99%." While this dissertation is in some ways absolutely about the foreclosure crisis, impending foreclosure becomes a backdrop to other analytic questions. Impending foreclosure is "good to think" the meanings of belonging in the contemporary United States—belonging to a community, to a polity, to a class position, to a family. Impending foreclosure is also, most fundamentally, useful to think with about the experiences of uncertainty and instability that cut through all these social axes.

In the rest of this dissertation, I examine the lived experience of facing foreclosure, and the cultural registers and overlapping domains of authority through which it is negotiated. Chapter 2 is auto-ethnographic about my experience buying a house in Lansing during the real estate boom, buying a foreclosed house next to mine, and trying to navigate the effects as a signatory to my mortgage declared bankruptcy. Chapter 3 examines to the centrality of class and history in shaping what distressed homeowners and housing professionals perceive to be at stake—and it is nothing less than America's claims to great nationhood. Chapter 4 discusses the role of financial institutions in the foreclosure crisis—including the highly liquid model of ownership they promoted during the housing boom and how distressed homeowners experience them as corrupt, unpredictable, and illegitimate when they are facing mortgage default. Chapter 5 examines state and non-state interventions in the foreclosure crisis. This chapter explores ethnographically the experiences of homeowners seeking help from non-profit housing counseling agencies, and homeowners' challenges to the state's authority. Chapter 6 summarizes the dissertation's arguments and offers reflections and conclusions.

Chapter 2: At Home in a Crisis

Buying In

In many ways, my entire presence in the working class neighborhood where I lived in Lansing for six years was made possible by the housing bubble. I share this rather extensive story about my own experience with the housing market both to reflexively position myself in the research site and because it illuminates several facets of the housing boom and bust.

In 2005, at the height of the housing bubble, my husband, Randy, and I bought a 1922 bungalow for $51,850. We made all the decisions quickly over a three-day trip to visit Michigan State University (MSU) before starting graduate school. Our primary (conscious) motivation to buy was that the rentals we'd looked at within walking distance of campus in pricier East Lansing were too expensive and most wouldn't accept our cat. One of us, I can't remember who, said, "I'm not paying $900 a month to live in an ugly house that won't even let us keep our cat. I bet we could buy a house for what that costs." We quickly decided that we would meet with a realtor and didn't consider renting a house in Lansing. Our minds had flipped so completely, so quickly, that once we decided not to rent in the immediate vicinity of campus, we never thought about renting again. I was more excited about the prospect that our house might appreciate in value and we would come out ahead financially from having bought a house. Randy reasoned with me that, even if we didn't make any money on the house, that in our future sale we would surely get back whatever amount we paid on the mortgage. Assuming mortgage payments of $500 a month for 5 years, that amounted to $30,000 of "rent-free" living. We were, like other middle class, white Americans, convinced that this was good debt, which Peñazola and Barnhart's (2011) informants described as a debt that might create future income for you, "almost like savings." In short, we were extremely uncritical buyers of the boom housing market.

We had a $5,000 down payment from my grandparents—a wedding present. On the advice of our realtor, we met with a mortgage broker at GMAC Mortgage. Since MSU bought so many GM vehicles for its fleet, the brokerage offered its employees a discount on closing costs. Like most other Americans getting a mortgage, we did not shop around.[17] On my $23,000 a year graduate student fellowship, we were pre-qualified for what seemed to us a stupefyingly large $70,000 loan. However, because I had not yet been paid any of that when we sought our mortgage, we needed a co-signer. And so, like millions of young American homebuyers, we got a co-signer (my father) and our first house. Technically, we bought the house as my father's "second home" and it remained classified that way until late 2010.[18]

Randy, my father, and I took out a 5-year adjustable-rate mortgage (ARM) for eighty percent of the loan ($36,295) and a home equity line of credit (HELOC) for the remainder. ARMs begin with a low "teaser" interest rate that resets after a few years. There are many different types of ARMs, such as 1/1 or 3/1, where the first number is the number of years it has a low fixed interest rate for one year, and the second number denotes how frequently it adjusts. For example, a 3/1 loan has a low fixed rate for 3 years, then adjusts according to

[17] In a national evaluation of HUD's foreclosure intervention, my colleagues and I (Jefferson et al. 2012) found that a minority of owners (between 28 and 43 percent) met with more than one lender or broker before taking out a mortgage (cf. Woodward 2003 and Essene and Apgar 2007 on the difficulty of comparing mortgage terms).

[18] There was also a large trend for parents to buy houses for their children to live in either as college or graduate students, with the understanding that the parents would retain the house as an investment property after their child's graduation, or sell it at a profit.

whatever it is indexed to, such as 1-year Treasury bonds. Our loan was a 5/1 ARM indexed to the London Interbank Offered Rate (LIBOR) published in the Wall Street Journal. For five years, we paid 5.625 percent interest. Upon reset, the interest rate would be 2.375 percent above the LIBOR rate and could go up or down a maximum of 2 interest rate points per year thereafter.

In the broader foreclosure crisis, the vast increase of ARMs is one of the exotic mortgage features to blame for the surge in delinquencies, particularly if the loans were given with no or low documentation. During the real estate boom, interest rates were rising, meaning that interest rates—and therefore payments—increased after the introductory period. Mortgage brokers sold millions of these loans to some people who may not have understood what this meant or "just figured I'd work it out somehow." To skeptical buyers, brokers promised that with housing prices constantly rising, they could refinance into a lower-rate fixed mortgage (or another ARM with a teaser rate) when the ARM reset. This strategy only works when housing values are rising, so that a homeowner can contract a new mortgage based on a higher market value, allowing them to pay off the outstanding mortgage and, if all goes well, receive additional cash at closing. By 2006, over half of new mortgages were ARMs. Yet, by late 2006, housing prices had stopped rising, meaning that millions of Americans with this kind of loan could neither refinance nor afford their higher payments (HUD 2010).

Randy and I accepted the 5-year ARM in order to get a lower interest rate than we would have on a 30-year fixed rate and because we believed we would live in Lansing for five years for graduate school—and sell the house before or shortly after the payment reset. The 5.625 percent interest rate was half a percentage point higher than the average interest rate for 5-year adjustable loans at the time.[19] We were a young white couple with little credit history buying our first house. Our primary borrower had good but not perfect credit. Even though we were talked into an ARM, which may or may not have been the best choice for us, and the interest rate was slightly above average, the loan's terms were not out of sync with our underwriting criteria. This was not true for millions of African American, Hispanic, non-English-speaking, and single women who were pushed into subprime, expensive loans even though they qualified from cheaper prime loans.

The other loan on our house—a $10,300 HELOC—was sold to us as a way to avoid paying primary mortgage insurance (PMI), which is required when the primary mortgage is more than eighty percent of the sales price. (In addition to immediately having equity in the house, this is also why a 20 percent down payment is considered ideal.) Another virtue of the HELOC was that we could borrow from the account once we had begun to pay it down—it became credit, not debt. Our broker explained to us the terms of the primary mortgage, including his compensation for closing the loan. Randy, who was just finishing his bachelor's degree in economics at the time, asked the broker more incisive questions than I could muster at the time and read the mortgage documents in their entirety. Over time, it became evident that information about "the mortgage" applied only to the primary mortgage. Neither the broker's explanation nor the mortgage documents explained that the HELOC was an adjustable rate loan with only a one-year teaser rate or that it might be sold to a third party. The broker had told us the company would never sell our loan to a third party. Our closing documents stated that the company reserved the right to sell our loan

[19] Historical interest rates are available from the Freddie Mac Primary Mortgage Market Survey: http://www.freddiemac.com/pmms/pmms5.htm.

and expected to do so for zero to 25 percent of loans originated in the subsequent year. At the time, I did not understand at all what that meant, nor why it might be undesirable to have one's loan sold.

Upon closing, our mortgage was assigned to the Mortgage Electronic Registration System (MERS). On its website, MERS bills itself as, "an innovative process that simplifies the way mortgage ownership and servicing rights are originated, sold and tracked. Created by the real estate finance industry, MERS eliminates the need to prepare and record assignments when trading residential and commercial mortgage loans" (mersinc.org). MERS is effectively a mortgage industry database that allows financial institutions to frequently sell mortgages to other companies and investors without paying title transfer taxes to counties. The practice of registering mortgages only with MERS greatly facilitated the boom in selling mortgages on the secondary market, turning mortgages into mortgage-backed securities and selling the debt repeatedly to new loan servicers. Under the MERS system, mortgages remain listed with MERS at the county level no matter how many times it is sold; MERS's own database records the secondary sale of mortgages. In such a case, investors in mortgage-backed securities own the debt and the mortgage remains under the name of MERS.

MERS effectively separates two deeply intertwined entities: the mortgage, which is the legal instrument that gives the lender the right to the property; and the note, which is the debt that must be repaid. This has created an enormous amount of legal confusion about who has legal standing to foreclose on properties—especially if MERS, which has no ties to the debt and no real interest in the property, is able to foreclose.

Leaving mortgages registered to MERS also deprives municipalities of title transfer taxes: When a mortgage (and loan) is sold, the new owners are legally obligated to register their interest in the property with the county register of deeds and pay title transfer taxes. MERS supplants that public system with a private system of title registry, which not only creates legal confusion and deprives counties of title transfer funds, but also undermines democratic governance (Peterson 2010). An additional problem is that, while MERS touts itself as a market-based solution to cumbersome state bureaucracies, it undermines the central role of the capitalist state to define and enforce contracts and private property. Thousands of homeowners, including several statewide class actions, have filed lawsuits to stall or reverse their foreclosures because they were initiated by MERS. In late 2011, Michigan's Supreme Court ruled that MERS did in fact have standing to foreclose in the state (Legal Lines 2012); courts elsewhere have similarly tended to favor MERS.

Busted, Part I

Like millions of other Americans, I began to realize the depth of trouble in the US housing and financial markets in the spring of 2008. At that point, foreclosures had been rising nationwide for a year and a half, with 1.2 percent of all residential mortgages in foreclosure. Foreclosures and delinquencies remained concentrated among subprime loans and Lehman Brothers had not yet collapsed. Unlike some of the most astute observers of housing and financial markets (e.g., Lewis 2010; Tett 2009), I only realized something was amiss when GMAC froze my HELOC account. Without having ever been late on a payment (in fact, having paid on it aggressively), GMAC notified me by mail that we were no longer allowed to borrow from the account, as a way for the company to insulate itself against losses. It didn't freeze all the lines of credit in its portfolio. What I understood from the letter was that they froze my loan because I lived in a high-risk (read: subprime, low-income) neighborhood. When I complained about this to a friend, she asked, "Why? What did you guys do [that made them freeze the account]?" At that point, I began to feel the stings of blame that we as a culture instinctively lay on debtors while giving creditors the benefit of the doubt.

By the spring of 2009, the housing market collapse had undoubtedly arrived around me. When I stood on my porch, the five houses closest to me had been foreclosed or abandoned. Three houses across the street had neon orange tags emblazoning their front doors. These stickers—"red tags"—signal that a house is uninhabitable, either condemned for a habitability problem or, more commonly at the time, because it had been foreclosed. The red tag and padlock on the door signaled the bank having locked out the previous owner. The houses on either side of mine had been abandoned by their owners but for very different reasons.

To my south, Dave and Madison had bought their house, a mirror image of my own house's layout, in 2005 in order to "flip" it. They bought it from Dave's brother, for whom Madison worked as a real estate appraiser. Their appraisal company valued the house at an outsized $70,000, though Dave and Madison only paid a portion of that money to Dave's brother. Presumably, the rest of the sum was money they would use to fix up the house and resell it for a profit—though they apparently pocketed some of the money. Fraudulent and inflated appraisals were one of the many contributing factors to the housing bubble. However, the couple struggled to complete the upgrades themselves and their lack of progress on the home improvements strained their relationship. When they had their first child, they gave up on the real estate prospecting and moved into Dave's aunt's house in their hometown of Dewitt (a wealthier suburb of Lansing) after she moved into an assisted living facility. This young white couple had access to a wide range of financial, familial, and structural advantages that let them participate in the speculative side of the real estate boom. Specifically, their ambition to think of their house as an investment to turn a profit is one instance of the speculative trend much cited in coverage of the housing boom. At the time, cable television outlets were producing a spate of shows on speculative real estate investing, including the signature "Flip that House," which was a top-rated show for The Learning Channel. When the investment was not working out for them, they had family and financial resources that enabled them to strategically default on the mortgage. Since they were not married and had bought the house only in Dave's name, only his credit report showed the foreclosure; the couple planned to buy a house in the future under her name and credit score.

In contrast, the house to the north of mine had been inhabited by three generations of a white family beset with medical, economic, and social problems so complex they were not suited to live independently. The patriarch of the Watson family, John, suffered from severe diabetes and post-traumatic stress disorder. Their 30-something son had developmental disabilities and was rarely able to hold a job. The only working member of the family was the matriarch, Joan, who used to work for an auto supplier but for most of the time we were neighbors worked at a chain restaurant at below a living wage. For a couple of years, three of their grandchildren, aged 4 to 14, lived with them. Their house suffered serious maintenance problems—chipping asbestos siding, missing shingles, a sagging roof—and there was often an oppressive smell coming from their house that dissuaded me from using my front porch on hot days.

The family abandoned the house in stages: first, the grandchildren moved in with their mother in Georgia. Later, Joan followed to help her daughter after she had a disabling accident at work. Then, unable to care for himself, John moved in with one of their grown sons living in the Lansing area, leaving only their disabled son in the house. Eventually he, too, moved in with his brother. Months later, the house was red-tagged. Long before Joan moved to Georgia, she told me her son was angling for them to move out of that house and to the country. Presumably once the family began to separate, they could neither afford the mortgage nor desired to retain the house.

This family, far from engaging in speculation, had bought their house around 1995 after having rented it for five years. They bought it with a mortgage insured by the Federal Housing Authority (FHA). When FHA-insured mortgages go into default, FHA (a division of HUD) pays off the mortgage lender and HUD, not the lender, takes possession of the property rather than it going through a normal sheriff sale. HUD cleans out the houses but sells them as-is (without repairs) and often at a deep discount. My neighbors' house was in so dire a condition that no clean-up crew in Lansing was able to prepare it for resale. A dozen-man crew had to be brought in from Detroit. At the time of the cleanout, we learned that there had been no running water in the house—probably for years. When we toured the house (more on that below), the kitchen faucet's metal was so pitted and scaly that merely touching it almost made it crumble apart. The family had used the bathtub as a toilet, though of course it could not drain the feces. At least one member of the family suffered from hoarding problems, as well. The clean-up crew filled five construction dumpsters full of their possessions and several animal carcasses. None of the neighbors I spoke with had come close to imagining how dire their living situation was, as the Watsons were insistent upon not letting anyone except family members into the house (including the city workers who came to change the lead water service pipe). Once the house was emptied and scrubbed, its plaster walls were stained deep brown from a buildup of oil and stains and powerful residual odors remained. The Watsons' neglect and abandonment of their house mirrors, in some ways, American society's neglect and abandonment of its most vulnerable members, including the Watsons.

Tearing Down the House

I've so far been quite fortunate as far as the housing bust goes. When our interest rate reset in June 2010, mortgage rates were at historic lows. Our interest rate lowered from 5.625 to 3.375 percent, meaning that our already affordable mortgage payment decreased by 20%. Whereas millions of Americans' with ARMs received payment shocks when their interest rates and, therefore, payments went up, we were fortunate by sheer luck to benefit from the fallout of the credit crisis. Furthermore, neither Randy's nor my job at the university was affected so we continued to earn the same salaries and put moderate amounts into savings.

Like many middle-class Americans who managed to have cash on hand after the bubble burst, we were able to capitalize on stunningly low real estate prices in the wake of the housing bust. When the Watsons' house went up for sale, we and our neighbor on its other side, Sarah, immediately independently called the realtor to find out the asking price. Being that it was a HUD repossession, the house would be sold via closed auction—no bidder knows another's bid—with an opening bid of $5,000. Bidding would first be open to owner-occupants (no investors/landlords) for two weeks, then open up to investors if HUD had not received an acceptable bid. Chatting one day about our fears that someone—anyone—would buy the house and perhaps be as difficult as the previous owners, Sarah and I decided to bid on the house together, saving half the cost.

Sarah's family had long been my favorite neighbors on the block. Sarah lived with her partner Neil and grown daughter Molly. She bought her house, a tidy yellow bungalow, 30 years prior and raised her three children there. She was a gifted gardener and she and Neil worked most afternoons and weekends in the garden or on home improvement projects. Molly did not participate in these projects because of her cerebral palsy, which left her with one stunted arm. Most warm afternoons after work, Molly jumped rope on the sidewalk for exercise or read on the porch but would drop her activities to come warmly hug me as I came or went.

Sarah and I agonized over how much to bid on the house. Empty plots of land in Lansing sold for about $6,000 at the time so we knew, both financially and viscerally, that the house was a liability. It would cost at least $30,000 to $50,000 to rehabilitate it inside and out. After accounting for the cost of renovations, the house would be as expensive as many other more appealing ones on Lansing's glutted real estate market. Even so, it would still be situated on a 31-foot-wide lot, sitting a mere two feet away from my house at the point where our houses' dining room bay windows faced directly into one another. We reasoned that either we would buy it and tear it down, or it would remain decrepit. Upon winning the auction with our $5,100 bid—the only one submitted—we drew up plans to tear down the house and subdivide the lot. On our half, we put in a driveway so we would no longer share one with the neighbors on our other side (the new occupants of Dave and Madison's house).

Tearing down a house goes surprisingly quickly—that is, after all the permits are taken care of and the bulldozers show up. Most of the residents on our block, adults and children alike, came out to watch the house being chomped apart by sundry large machines. By 11:00am, the building was down. Part of me felt sad that the house couldn't be saved: I wanted it to have been useful for a family who needed a home; I wanted it not to have been wrecked by the Watsons; I wanted the Watsons not to have such hard lives. I also worried about changing the character of the neighborhood. Although we had lived in the neighborhood for five years, Randy and I knew it was not our lifetime neighborhood. Having both grown up middle class, our poverty-level income was a temporary way station during college and graduate school; for the rest of our neighbors, this was a permanent income level and neighborhood. Would the extent of improvements to our house and lot begin to price out residents with more modest incomes? By tearing down this destroyed house, were we gentrifying the neighborhood—and was that a bad thing? I took comfort in the fact that Sarah had lived there 30 years, also had the means to pay for this project out of pocket, and was even more enthusiastic about it than us (though that hardly felt possible). Further, how would the Watsons feel when they drove by and saw the empty lot? A woman I interviewed told me it was "hell" to drive by the lot that used to contain her childhood home—until her parents lost it to foreclosure after being caught up in a real estate scam perpetrated by her nephew. I wanted to believe that the Watsons' house was so far beyond repair that it was a special case but I have no way of knowing how they feel about our demolition of their former home.

Mostly, as the crew tore down the house, I was amazed and thrilled to see the sun shine for the first time on the north side of my house, to get physical and psychic breathing room. When the city inspector came by to make sure the utilities had been properly cut off and buried, he thanked us for having torn it down. Michigan cities have taken possession of unprecedented numbers of foreclosed and abandoned properties in recent years. Had no one bought the Watsons' house from HUD within 60 days, the local government could have bought it and other HUD homes in bulk for as little as $100 apiece. It would have likely been obtained for the Ingham County Land Bank, whose mission is "improving the quality of our neighborhoods and strengthening our communities…[by] return[ing] tax reverted, purchased, donated and unclaimed land to productive use more rapidly than may have been possible otherwise."[20] Local governments and land banks are required by law—but sometimes too strapped for money and personnel—to maintain the houses until they are resold or torn down at public expense. Although tearing down the Watson's house undoubtedly improved the quality of life for us, Sarah's family, and other neighbors who were happy to see the house go, I continue to wonder what our potential gentrifying project will mean for the neighborhood in the long run.

Busted, Part II

Still, the housing bust has not been entirely rosy for us. My father, who co-signed on our house, found himself in his own financial and real estate trouble in 2010. He had bought a house in Tennessee in 2009 and shortly thereafter fallen in love with and married a woman in Florida. After he moved, the house in Tennessee had stood on the glutted

[20] http://www.inghamlandbank.org/about-us.php

market for a year and a half as he continued to pay the mortgage, causing him to amass larger amounts of other kinds of debt. He alerted me that he planned to declare bankruptcy, like a million and a half other Americans that year (Porter 2012). What this did was bring me closer into the nitty gritty both of working with a lender on changing a mortgage, and with the emotional weight of the financial crisis. As he explained in an email:

> I'm wrestling with huge money issues—the [Tennessee] house has cost me a fortune that I didn't have—and I'm considering filing for bankruptcy, possibly soon. And I don't want your credit rating to take a big hit if I do. So you should get me off that loan for your own sake. I'm sorry (and ashamed) to be the bearer of bad tidings…but you deserve to know so you can protect yourself.

A year prior to his email, a bankruptcy law professor told me that she had seen an increase in bankruptcies among middle-class Americans who had co-signed mortgages with their young adult children. In her experience, however, it was the younger generation who were falling behind on their payments.

Even with my extensive knowledge of and access to housing counseling, it took me four immensely stressful months to figure out how to disentangle my father from our mortgage. First I suggested he consider a short sale or a deed-in-lieu of foreclosure instead of filing for bankruptcy at all, since his house was his primary albatross. “Thing is,” he countered, “you can't get a short sale unless you get an offer, and although I've dropped the asking price of the house from 250[,000] to 160[,000] (which definitely puts it in short-sale territory), I've gotten no offers and very little interest. Meanwhile, I've poured nearly $100,000 down that hole (the down payment/"equity," which has totally evaporated + $2000/month), so as I've struggled to hang on, I've created a mountain of debt, which is about to crush me. I'm not actually behind on anything yet except an immense 8-ball, but I'm about to go under, and I don't see any good alternatives.” Further, he couldn’t do a

Table 3. Bankruptcy and Property Transfer Vocabulary

- Acceleration: demand that a mortgage debt be paid in full, triggered by breaches of contract, sometimes including default.
- Assumption: a transfer of property that keeps an existing mortgage intact; in this case, the transfer of the loan only.
- Bankruptcy: legal procedures for debtors to restructure or eliminate debts they cannot pay.
- Debt-to-income ratio: A common underwriting measure, DTI is one's monthly debt obligations divided by one's gross monthly income.
- Deed-in-lieu of foreclosure: transfer of a deed from a defaulted homeowner back to the mortgage holder. A deed-in-lieu saves the lender the expense of foreclosure and does not damage a borrower's credit as much as a foreclosure.
- Refinance: a new mortgage with new terms and borrowers. To be feasible, a house must appraise for a value high enough to cover the outstanding balance or a borrower must pay the difference in cash.
- Quitclaim deed: a transfer of property where an owner relinquishes his or her legal rights to a property (most often used for transfers between family members or in divorces)
- Short sale: a sale of a property where a lender agrees to accept less than the full payoff amount owed on a loan.

deed-in-lieu of foreclosure because he never got behind on mortgage payments. He could have simply walked away from the mortgage—like my neighbors Dave and Madison. But, like the vast majority of Americans who were underwater on their mortgages, he felt a pressing sense of duty, shame, and fear that kept him from defaulting.[21] Even if he chose to default on his mortgage, that would only rid him of the house debt, not the other debt.

On the advice of Tami, a housing counselor I worked closely with for the research, our two options to remove my dad from the house were 1) to do an assumption through GMAC or 2) to refinance. It's important to bear in mind that each of us who signed the mortgage was listed on the deed, the mortgage and the note. The deed is the public record of

[21] Brent White (2010c) finds that while a third of homeowners were underwater on mortgages, only about 3 percent of homeowners strategically defaulted.

ownership. The mortgage is the security instrument (contract) that gives the lender or owner of the mortgage the right to the property in case of a default. The note is the debt itself. As discussed above regarding MERS, these three entities are usually so tightly bundled in a real estate transaction as to appear the same. However, in taking my father off the house, different courses of action touched some or all of these entanglements and left others menacingly intact. I investigated the assumption and refinance simultaneously, as my father told me he was desperate to file as soon as possible.

Assuming the debt is simply a bureaucratic process with the lender where we would have absolved my father of responsibility for the mortgage and note. It would have left all the terms of the existing loan intact. Concurrently, we would have executed a quitclaim deed with the county register of deeds, where he gave up all legal rights to the property. Paired together, the assumption and quitclaim process would cleanly sever my father from the mortgage, note, and deed. By fall 2010 when I inquired about the assumption process, GMAC had changed their procedure so that, instead of being free or costing a simple processing fee, the company charged $125 to apply for an assumption plus a fee of $600. With two loans—a primary mortgage and HELOC—this option would cost $1450 none of us had to give at the time. Randy had just moved to Massachusetts for a job so we, too, were paying for two households—one in high cost-of-living Cambridge. The last criterion was that we could not have a debt-to-income ratio higher than 43%. Debt-to-income (DTI) ratio is a standard underwriting measure. There are two kinds: first, front-end ratio, which is a person's or household's housing costs (mortgage principal, interest, taxes, insurance, and condo or homeowners' association fees) divided by their gross monthly income. The most conservative DTI used for underwriting is 31%, which is considered a sustainable housing burden and is the benchmark used by the Obama administration's Home Affordable Modification Program (HAMP). Second, back-end DTI includes all monthly debt obligations: housing costs plus any other recurring payments like car loans, student loans, child support payments—essentially any monthly expense that would show up on a credit report. The most conservative underwriting standard is a back-end DTI of 36 or 38% but most lenders exceed this.

Given mortgage interest rates of around 4 percent for 30-year fixed mortgages at the time, refinancing seemed more appealing. Tami suggested refinancing into a single loan either through GMAC or our credit union since we could get rid of the second mortgage all together and obtain a lower interest rate. This required, however, that we have 20% equity in the house at a time when housing values had dropped more than 30% in Lansing. Like all homeowners in the area at the time, I knew the current market value of my house had dropped a lot but had no firm sense of by how much. We had made significant upgrades inside—new wiring, furnace, water heater, windows—and out—not least of which was the driveway and extra half lot. I hoped that those improvements would balance out the losses but most homeowners tend to overvalue their houses, especially if they bought during the bubble. In order to refinance, the house needed to appraise at a high enough value to cover the outstanding mortgage balance. The applicant pays approximately $300 for the appraisal whether or not the loan is approved.

A loan officer at the credit union explained to me they would offer us an interest rate of around 5 and a half percent if they kept the loan in the credit union's portfolio—that is, if they did not sell it to another company or pool of investors as part of mortgage-backed securities. They would offer us a half percentage lower rate if we allowed them to sell off the loan. Lenders can benefit from selling loans to third parties because they recoup the entire loan balance immediately rather than incrementally over the whole loan term. However, once a loan is sold to one outside servicer, it is likely to be sold again, meaning that the borrower has to keep up with a changing stream of debtors: When a loan is sold three times in two years, for example, it becomes difficult to keep up with which company you owe your payment to and each company has different policies and procedures for paying. Each sale introduces a chance to make a mistake in payment. In my observation at the housing counseling agencies, clients with third party servicers had more difficulty getting in touch with their servicers and getting their servicers to respond to their requests for help. Partly this is because these arrangements separate the servicer—the entity that collects mortgage payments—from the investors, who actually own the debt. When mortgagors began requesting loan modifications from servicers in large numbers, servicers denied their requests, stating they did not have the legal right to do so since investors had bought the mortgage-backed securities with the guarantee of a certain stream of income (based on the original terms of the loan). Having seen these patterns play out for others, I opted for the credit union's higher interest rate in order to keep the loan in-house.

Although our credit scores were high enough to qualify for the loan and our income had recently gone up considerably because of Randy's new job, we were denied the loan even before the appraisal stage. Once the loan officer included the cost of our Cambridge apartment, our debt-to-income ratio stood at 56%. At the time I sought to refinance, our credit union's cap was 48%—far lower than our 56%, which was, in turn, far lower than the average back-end debt of homeowners who received loan modifications under the HAMP program: 77% as of November 2011. I was stricken that the refinance was rejected and Randy was outraged. We had a perfect payment history and we had more disposable income now than ever. How did they reason that, under these circumstances, we would not be able to make a payment *lower* than our current one? In a backlash against the loose underwriting standards of the early 2000s, lenders had tightened their underwriting practices so much that very few people could obtain credit.

With both the assumption and refinance options having failed, I began to panic about my father's impending bankruptcy. "SHIT," I wrote to my father. He reiterated that his bankruptcy attorney said our credit rating would suffer if he were still on our mortgage when he filed for bankruptcy, and that he was sorry this was painful for Randy and me.

With the seeming inevitability that he would be on our mortgage when he filed chapter 7 bankruptcy, I started looking more deeply and frantically into the consequences of that. Chapter 7 bankruptcy is also known as "liquidation," meaning that the filer cannot keep any assets above a modest threshold—for example, my father had to sell his turbo-charged Subaru, trading in for a used Volvo whose value could not exceed $4,000. In exchange, the Chapter 7 wipes out the filer's outstanding debts (except any they "reaffirm") and his or her creditors cannot contact them anymore to demand payment. Importantly, in my increasing panic, I did not think about how reaffirmation would work nor did anyone else bring it up to me. Far from my being alone, most of us experience partial thinking and failures of rationality under the kind of stress that possible home loss brings up (Fields, Libman and Saegert 2010; White 2010a).

The next terrifying possibility was that *our house* might be considered one of his assets—since it was, after all, legally his second home and not our first home—and required to be put up for sale. Chapter 7 filers can keep their primary residences so long as they do not have more than a certain amount of equity in their homes. However, our house was not his primary residence and I had no idea how much, if any, equity we had in the house. My dad's bankruptcy attorney had never suggested that our house would be considered one of his assets, only one of his liabilities but he could not get further answers from the attorney. My dad rebuffed my request to talk to his bankruptcy attorney, sounding exasperated—with me, the attorney or the whole situation was never clear to me.

Even if we wouldn't have to surrender the house in the bankruptcy settlement, I worried about its implications with GMAC. Mortgage contracts can have conditions that trigger "acceleration." When a borrower breaches the contract in any of the ways defined by the acceleration clause, the lender can accelerate the loan—that is, call it due in full. In that case, a borrower must either pay the full outstanding balance or surrender the house to satisfy the debt. We didn't have $1450 to assume the debt even if we qualified, nor could we refinance; if the loan were accelerated, the house would clearly be put up for sale with the proceeds paying off my dad's debts. At this point, I began suppressing panic attacks. Staff members in GMAC's customer service and assumption departments had no further advice. It was not until about six weeks later that I learned, by accident, that the company has a separate bankruptcy department. Learning which departments exist at a lender is no trivial matter. In a five-day training I attended for housing counselors, the trainers spent an entire morning discussing the structure and functions of the loss mitigation department. Other researchers studying foreclosure mitigation counseling find that homeowners have a hard time learning that loss mitigation exists (Fields, Libman, and Saegert 2010) or navigating its Byzantine structure on their own (Herbert and Turnham 2010).

Adding to my stress, I could not investigate the acceleration clause immediately because Randy had taken almost all of our possessions to Cambridge when he moved, including the mortgage documents. He scanned the contract's 54 pages and emailed them to Tami and me. Joyously, bankruptcy did not trigger acceleration of the loan. Since we would not have to sell the house, the outstanding questions then were: what, if anything, does this mean for my and Randy's credit scores? And what, if anything, can and should we do about the bankruptcy? Tami confirmed through a list-serv of other housing counselors that my dad's bankruptcy filing would not reflect on either my or Randy's credit reports even though we shared this one account.

With the issue of the bankruptcy's (non) effect on our credit scores resolved, the last remaining question was what to do about my dad's presence on the deed. Using a quitclaim template a housing counselor downloaded for me from the Internet, I wrote:

> That for and in the consideration of the sum of zero dollars, ($0), the receipt of which is hereby acknowledged, [my father] does hereby release, remise and forever quitclaim unto Anna Jefferson and Randall Juras all of his interest, if any, in that certain real property commonly known as [our street address].

With a notary's signature and a $14 title transfer fee, my father had no more legal claim on the house. After four months of confusing non-answers, denials, panic attacks, and familial strain, it seemed there was actually no problem at all.

Soon after filing the quitclaim deed, I got a letter that GMAC had sold our HELOC second mortgage to another company. I felt undermined, betrayed. After my calls to the assumption and bankruptcy departments, and filing the quitclaim deed, did they sell the loan off in retaliation? Contrary to their promises that nothing would change after his filing, did they consider us high risk now? Would the new servicer honor the original contract terms or did it have some right to accelerate the loan? This contradicted what I'd been told at closing when I bought the house and undermined my hard-won sense of safety that my father's bankruptcy would be a non-event for us. Angry and nervous, I called the new servicer. Its automated menu set up a combative relationship from the start: "We are required by law to inform you that we are a debt collector and any information we obtain from you will be used for that purpose."

Below is a long excerpt of my fieldnotes about the interaction. I include it because more than even high quality, fine-grained interviews, it gives a visceral sense of how maddening, antagonistic, and opaque these interactions with creditors can feel. I had acid reflux by the time I got off the phone with the customer service representative and I felt so pushed beyond my rational capacity that I could hardly get out words to capture it. Instead, I swore a lot:

March 8, 2011

I called today just to make sure everything had gone through okay with our first payment [to the new company] because GMAC sold our loan to them in November 2010. This goes against the agent telling us at closing that they'd never sell our loan. It didn't mean much to me at the time but now that I know most of these servicers treat you like a damn criminal (when, in fact, they do things that feel criminal); I fucking hate it. I get so angry just knowing that it's happened and that now we are powerless to get our loan back into the hands of any company more sensible.

The customer service representative I talked with told me that because there's an active bankruptcy, they cannot set up automatic withdrawal. "I already have automatic withdrawal set up and it's on an account [my father] doesn't have anything to do with. Are you telling me that that set up is going to be canceled?"

"Yes."

No one informed me of this! Apparently they would put out a cancellation letter in the mail (which is coming to Lansing) so between the payment cancellation and my move to Massachusetts, we *definitely* would have missed our March payment: I would've assumed it was on automatic payment, wouldn't have gotten the letter, and they can't contact me right now because dad's in bankruptcy. They aren't even mailing us fucking statements anymore, again because it looks like collections activity that's prohibited by bankruptcy protection. I can't even *ask* them to do this! It's a perfect set-up for *us* to become delinquent, ruin our credit, and risk losing our house.

"We're trying to work on something where our customers in bankruptcy could still receive statements but it has to go through our legal team and make sure everything we're doing would be legal."

If I want to be included in those who get the statements—whenever the company-wide policy would be enacted—I can send a letter to their physical location asking to be included in that group.

"Send the letter, just make sure not to send your payment with it because letters tend to get lost."

Did she really just admit to me that they lose (or ignore?) their letters?! At least she's honest but my god, how bad must it be if they warn everyone in advance that their mail might not get delivered? This does not inspire confidence that they give two shits about the people who are their clients, the people whose houses they could foreclose on. And perhaps foreclose on them just because they lose or are careless with their mail.

They won't even give me online access so I can check the amount due! I ask her, totally exasperated, "Do you *want* me to pay this account?"

Her response, to my even greater annoyance, is that they can't tell me either way but I should contact my bankruptcy attorney (Fuck! *I* don't have a bankruptcy attorney!) and it would be based on their advice whether or not to pay the loan!

This catches me *totally* by surprise because I went through the whole gut-wrenching process in the fall to figure out if dad's bankruptcy would call the whole loan due, or ruin or credit, or etc., etc. And in the end, GMAC told me it was *fine*; Tami and GMAC assured me that his bankruptcy can't affect our credit whatsoever at all, and I just keep making my normal payments to GMAC. I did all that and everything was in the works for dad's bankruptcy, all ready to pull the pin and wham!—only at this late point in the game do I find out our loan has been sold at all. I realize this is a little bit of a special case because one person on the loan is in bankruptcy and we're not.

Reflecting back on these fieldnotes and labyrinth of failed attempts to remove my father from our mortgage, I would not prefer that bankrupt Americans continue to be harassed by their creditors even after filing. I would not prefer that mortgage underwriters go back to offering loans to applicants with enormous debt ratios and unsustainable payments. My own experience with the fallout of the housing crisis, like many of the homeowners I interviewed, was that I desperately wished the employees of financial institutions were allowed to exercise more compassion, common sense, and reasoned judgment.

I also wanted to feel that my agency mattered more to the whole process, especially when the loan was sold off. I felt "powerless" to "get my loan back in the hands of any company more sensible." The market had not empowered me as a consumer to choose my transactors. I had no choice about having my loan sold off or to whom. And there was no way out. Traditionally the options out of a mortgage are to refinance or to sell the house. Refinancing had, by that point, been a painful farce. Eighteen months later when we tried to sell the house at a loss, we had only two showings in three months and no offer. When pressed about the current state of the market, the realtor reassured me emphatically that, indeed, *some* houses were selling in Lansing. They were just $15,000-$20,000 foreclosures or energy efficient gut-rehab renovations by the Ingham County Land Bank for about $60,000. No one with a budget at our asking price would choose to live in Lansing when foreclosures in more attractive cities were available for the same cost. This is what being locked in underwater means. And I was lucky—my spouse and I both had stable, well-paying jobs elsewhere and, while not comfortable, we could imagine holding out for an indefinite, uncertain future "for the market to turn around" or absorbing whatever loss we might have to take to sell it. The promises not just of owning a home but of the whole market had become grotesque.

Lastly, I want to emphasize that in spite of the stress and confusion I had because of my dad's bankruptcy, our process was immensely easier than that for most Americans who try to navigate a problem they encounter with their mortgages. We had structural advantages: all having grown up middle class, being white, and speaking English as a first language. We all have moderate to high levels of financial literacy. My husband holds a Ph.D. in economics and I'm an expert on the housing and financial crises. At the time, I spent three days a week with several housing counselors. Unlike their clients, I did not have to wait for them to answer 90 other phone messages or be at imminent risk of foreclosure before my problem rose to the top of the pile. I didn't even have to make an appointment. My father had the ability to hire a bankruptcy attorney. These advantages of background and access absolutely helped me understand and confront my father's bankruptcy, but none of them should be required for a struggling person to receive useful, accurate information or a fair resolution to their housing troubles.

Chapter 3: "Not what it used to be:" Schemas of Class and Contradiction in the Great Recession

The foreclosure crisis and Great Recession it caused have significantly exacerbated 40 years of rising inequality in America. Widespread concern about the "struggling middle class" among the public and politicians epitomizes Americans' anxiety about inequality and the country's claim to great nationhood. In this chapter, I examine the restructuring of class experiences and discourses—but not ideology—for Michigan homeowners and non-profit housing counselors. First, I examine homeowners' downward mobility, then turn to all participants' analyses of the American class system. Undergirding both forms of analysis are schemas of contradiction and loss that signal reduced forms of citizenship.

This chapter is organized into 4 sections describing Michigan's history, and my informants' senses of decline and nostalgia. First, I provide history of Lansing, my primary field site and Detroit, a site of secondary research, focused on each one's histories of housing and the auto industry. I focus on the latter precisely because of the mythic quality it has taken on in both local and national usages.[22] Next, I turn to participants' nostalgic recollections of history and its use to frame narratives of decline. Third, I bring the analysis back to the present housing crisis to examine homeowners' downward mobility. Lastly, I critically examine what participants considered to be at stake with this historical rupture and increasing polarization.

Homeowners emphasized their downward mobility to current positions in poverty or an in-between space like "middle working poor." Such complex self-locations are not only about class shame or the inadequacy of American class discourse; rather, they are

[22] The historiography also reflects a preference for automotive history.

about maintaining citizenship status. Being middle class is a cornerstone of the American nation-building project, most closely linked to the post-World War II era (Ortner 2003; May 2008). For Michiganders, these are the halcyon days of auto unions their parents and grandparents built, even if their nostalgic attachment to the era is somewhat divorced from its realities (Fine 2004; Chinoy 1992). Downward mobility for homeowners, then, threatens not just material loss or self-definition, but alienation from the nation (cf. Cohen 2003). When Michiganders identified as "middle working poor" and other permutations, they struggled to reconcile downward mobility with claims to current rights and their own history.

Homeowners and housing counselors often tied current class polarization to the long-term decline of the manufacturing economy and American greatness. Their common perception that being middle class is "not what it used to be" underscores the importance of historical consciousness, especially to the mid-twentieth century, to definitions of middle class standing as equal to financial security. In contrast, the present moment is inhabited by an embattled "average middle class poor person." Equating the middle class to poverty echoes scholarship showing that financial precarity is a defining feature of the contemporary middle class (Warren and Thorne 2012), while financial stability remains one of the most deeply held objects of economic desire (Pew Charitable Trusts 2011). Experientially, my participants' analyses show simultaneous angst over and normalization of inequality. Because of the centrality of middle classness to affirmative citizenship in the US, the hollowing out of the middle class is experienced as a citizenship of lack and contradiction.

The Rise and Restructuring of Michigan's Industrial Cities

Although Detroit quickly became the center of the American auto industry, the first enterprise dedicated to manufacturing gas-powered automobiles was Olds Motor Works, founded in Lansing in 1896 by Ransom E. Olds, giving it claim as "the first Auto City" (Rodriguez 2004). As the home of several important agricultural and motor manufacturers, Lansing had a large pool of skilled labor, including machinists, engineers, and mechanics (in the early days, from bicycle shops). Even as the city grew, reaching a population of 60,000 by 1917, Lansing retained rural connections and a racially homogenous identity. The population was overwhelmingly white, Protestant, and U.S.-born. In the 1910 Census, nearly 99 percent of residents were classified as white, with 62 percent "native-born whites of native-born parents" (Fine 2004:18). Lansing's business leaders, including the prominent R.E. Olds, self-consciously worked to maintain the city's conservatism, homogeneity, and stability of the workforce at Reo Motors (Fine 2004; Rodriguez 2004).

R.E. Olds and his managers were particular boosters of welfare capitalism as a means of forging a "family ethic" in the shop, blunting the appeal of Communism, and aggressively Americanizing its foreign workers (Fine 2004; Rodriguez 2004). In the first decades of the 20th century, this family ethic brokered a "paternalistic bargain" for workers, offering "job security, a family wage, and fair treatment in exchange for workers' quiescence and cooperation" (Fine 2004:7; 13-14). And it appeared to be a bargain Lansing workers were eager, for the most part, to accept. Generations of families worked at the plant so that the Reo family and the blood family were fused.

Civic culture in Lansing also centered on Reo and other manufacturers, echoing the forging of corporate hegemony described by Nash (1989) in her study of Pittsfield.

Corporate hegemony entails corporate cooptation of workers' struggles, plus the funneling of state resources toward corporate welfare. These are buoyed, according to Nash (1989) , through ideology where workers identify their own values and interests with those of the company and its elites. In Lansing, Reo was an enthusiastic participant in welfare capitalism and infusing its identity into the life of the community. Throughout the early decades of the twentieth century, Reo hosted company picnics and was a prominent sponsor of public holiday celebrations and festivals. The Chamber of Commerce dedicated its activities to attracting businesses that paid a family wage so the city could maintain a stable working class—one affixed to "what they considered core values—religion, loyalty and pride of country, the work ethnic [sic], traditional family roles, home ownership, 'respectable' leisure, and an intense localism" (Fine 2004:27). In 1910, 45 percent of Reo workers in the Census who were heads of their household owned or were buying their homes with a mortgage (Fine 2004:33), compared to 61 percent of Michiganders overall (Census 2011a), attesting to the centrality of homeownership in workers' strives for upward mobility (Chinoy 1992).

Whether understood through the lens of corporate hegemony, welfare capitalism, or intense localism, Lansing's politics were shaped by its identity as a small city, where there was little physical or social space separating workers from their managers and company owners. Lansing workers purchased homes, mostly modest bungalows that still stand in neighborhoods surrounding downtown. South of downtown and the Grand River, where the Reo factory stood, has been reshaped by the construction of I-496, bifurcating the city—as so many others—with a thoroughfare cutting through what was the heart of thriving African American neighborhoods during 1960s urban renewal campaigns. The south side now has a mix of residential spaces, from workers' pre-war bungalows and elegant brick mansions of industry elites, to modest brick ranches in post-war suburban lots. West and east of downtown, in neighborhoods like mine, the houses remain mostly pre-war bungalows and slightly more upscale four-squares.

Although Lansing's economy has always been, and remains, more diversified than Flint or Detroit, by virtue of the state government, Michigan State University, two large hospitals, and several insurance companies, city residents still remain romantically and materially linked to the auto industry. Oldsmobile was headquartered in Lansing until the brand went under in 2004. Today, Lansing houses two of General Motors' modern factories, including the company's flagship "green" (LEED-certified) Lansing Delta Township plant.

More than Lansing, Detroit has a special place in the national imaginary: as headquarters of the auto industry that defined welfare capitalism and the blue-collar middle class; as one of the great African American cities; and as emblematic of postindustrial decline, white flight, and urban violence. A brief history of Detroit's housing market shows how race, class, place, and history deeply intersect as means of "identifying individuals and positing the significance of their connection to collective orders" (Hartigan 1999:14). Detroit's housing market in the 1940s was entirely segregated, with blacks living in aging and over-crowded housing stock from the pre-war period (Sugrue 1996; Thomas 1997); an inadequate supply of affordable and decent rental housing has been a perennial issue for low- and moderate-income African Americans, at least through the 1990s (Shaw 2009). Blacks had the poorest paying industrial jobs so could not afford better rentals and were shut almost completely out of owning because of their lower overall incomes than whites, restrictive deed covenants, and federal redlining that made black neighborhoods ineligible for mortgage insurance and subsidies. After racial covenants were ruled unconstitutional in 1948, some white property owners engage in anti-liberal "defensive localism" (Sugrue 1996:210) based on language of home owner's rights—white Detroiters founded 192 neighborhood organizations from 1943-1965 in what Sugrue considers one of the most influential grassroots movements of the city's history. These working-class whites were becoming homeowners for the first time so they felt their grip on homeownership was tenuous at best and "to a generation that had struggled through the Great Depression, the specter of foreclosure and eviction was very real" (213).

White Detroit homeowners' restrictive politics found allies, in general, in America's Cold War politics and, specifically, in the administration of mayor Albert Cobo. Cobo appointed members to the Detroit Housing Commission 's administration sympathetic to white homeowners' associations who opposed liberal, integrationist, open housing policies. Opponents linked integrationist urban planning explicitly with Communism and socialism, labeling it as an attempt to undermine the American family, the country's best weapon against the Soviets (also see May 2008). In 1951, the city adopted a master plan aimed at "urban renewal" that would remove the blight of ill-kept, overcrowded housing stock (that is, many of the African American neighborhoods) (Thomas 1997).

Sugrue (1996) documents ways that the roots of the city's present crisis had already begun to grow in the early post-World War II years, even though many Detroiters, including my informants, recall the heydays of Detroit in the 1960s. Unemployment and inadequate access to housing have been perennial contours of struggle, especially for black Detroiters. On the employment side, deindustrialization began in the 1950s owing to cheaper labor in the South, capital mobility, decentralization as a strategy in lowering costs, and automation. Businessmen were blaming labor for high costs and their decisions to flee urban centers as early as the 1950s (Sugrue 1996; c.f. Adler 2001).

Responding to realtors' block-busting, white residents were decamping to the suburbs as African Americans moved westward from traditional neighborhoods on the eastside. Still, black Detroiters continued to live in substandard housing in segregated enclaves, suffering from a lack of recreational facilities, from overcrowded public schools, contentious relations with the Detroit Police Department, and disproportionate unemployment (Fine 2007; Shaw 2009). Young black Detroiters, in particular, allied with Black Nationalism and radical protest traditions to demand—not always successfully—more public housing units, improved housing conditions, and welfare rights (Shaw 2009). In spite of some black Detroiters' discontent, under Mayor Jerome Cavanagh (1962-1969), Detroit enjoyed a national reputation as a "model city" for race relations until, like other major cities in the 1960s, violence erupted on July 22, 1967.

The proximate cause of the riot was that after police raided a blind pig (an after-hours drinking and gambling club) in the over-crowded 12th Street area, young men began throwing empty liquor bottles and rocks at police. Although the five days of rioting in 1967 were the most violent clash since riots in 1943, the riots of 1967 demonstrate structural issues that plagued the lives of black Detroiters before and after the episode, namely poverty, underemployment, and inequitable access to housing. Twelfth Street was more than twice as dense as other neighborhoods and at least one-quarter of the housing substandard—a result of the Cobo administration's earlier slum-clearing campaign in other black neighborhoods (National Advisory Commission on Civil Disorders 1968). At first, looting was the primary riot activity in the 12th Street area, as primarily young men raided stores owned by white and black proprietors alike. Store owners of any race were equally likely to scrawl "Soul Brother" across their establishments to proclaim their racial solidarity and try to protect their businesses, but were equally likely to be looted (National Advisory Commission on Civil Disorders 1968). During the primarily looting phase of the riots, a carnivalesque spirit animated the looters. One of my informants, Saundra, then 17, recalled that,

> [E]verybody was grieving cuz my mother wouldn't let us take anything. We was mad in here. They wouldn't let us loose, and told us we wasn't bringing none of that stolen stuff into the house, you know? We was mad. Everybody else was coming back with TVs and the neighborhood was so full of everything, so people was really getting good stuff…Nobody was beating anybody up or anything like that—it was just a free for all. Then when President Johnson stated that not to shoot anybody, then at that point, it was like…hey…and then after they brought the National Guard in was the only way they was able to curtail the looting. But it was dangerous because us being teenagers, cuz it was like fun for us. So people that participated in the riot, you won't get them saying that it was like the way the TV tried to portray that people scream for they life…and it might have been some incidents like that, but because we were actually involved in it, we didn't see those moments like that.[23]

Police did not interfere with the looting because, the chief of police reasoned, if they did, none of the officers would have come out alive and the city would have had a "race riot in the traditional sense" (National Advisory Commission on Civil Disorders 1968). The Detroit police department dispatched much of the force to 12th Street and to other black neighborhoods where no one was rioting.

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[23] Interview, Saundra, October 20, 2010, Detroit, Michigan. A survey conducted by the Kerner Commission found that 11 percent of Detroiters admitted participating in the riots, 20-25 percent identified as bystanders, 16 percent as "counter-rioters," and the remaining 48-53 percent, like Saundra, did not participate (National Advisory Commission on Civil Disorders 1968:6)

Looting turned to violence and confusion after a rumor spread through the crowd that the police had stabbed a young man with a bayonet. According to the Kerner Commission report about the riots, the excessive law enforcement response, of the police department and National Guard significantly exacerbated tensions in the community and worsened the violence. Of 43 (mostly accidental) deaths documented in the riot—33 African Americans and 10 whites—three-fourths were attributed to law enforcement, mainly (20 or 21) the Detroit police department.

In the decades since the riots, similar issues have continued to plague Detroit residents, which Saundra's story helps illustrate. Saundra's parents met in Detroit after migrating from the segregated South in the 1940s. She counts herself among the last generation to experience an idyllic urban childhood before Detroit's neighborhoods suffered severe levels of housing abandonment and the rise of the drug trade in the 1970s.[24] To protect their three daughters from property crimes and drug-related shootings, Saundra's parents moved to a predominantly white neighborhood to the northwest in 1970—an area that, by 1975, was almost entirely black.

Saundra's parents paid off their house and willed it to their daughters. Saundra's mother had, in fact, been a vocal critic of mortgages and financing schemes in Detroit: "She was telling people when Roth Financial and all of them was buying out television and sucking people in back in the 90s. She would tell everybody on the block, don't you mortgage your house. You mortgage your house, you're gonna lose it. She said, this is a trick—she was telling people this predatory lending, you gonna lose your house." I discuss

[24] Luke Bergmann (2008) traces the complex ways that participants in Detroit's drug trade traverses between abandoned and rented houses as both homes and "spots" in some of the neighborhoods hardest-hit by vacancy and out-migration.

these predatory refinancing schemes in further detail in chapter 6, but the point here is that the current round of predatory lending and foreclosures in Detroit is not unique. Even before these 1990s schemes, working-class homeowners in Detroit "suffered from housing speculation scandals and escalating rates of foreclosure due to massive job losses" in the late 1970s (Shaw 2009:69). Such schemes feed on the tremendous emotional importance in Detroit—as elsewhere—of homeownership in defining oneself as a good person and a good citizen. One of Todd Shaw's informants, a housing rights-activist, explained to him the prevalence of the homeownership impulse among African Americans who had been so painfully excluded from the opportunity in the post-war years:

> Public housing is not native to the culture of African American people in this city. We are homeowners. *Individual* homeowners. And we have never liked the projects as a community. It was more stigmatized here, I think, because if you wanted and you saved, you could buy a house in Detroit. If you were *any* kind of person; if you had *anything* going on…you could buy a house. (Shaw 2009:44)

The comment also points to the important class divides among black Detroiters. In the 1980s, Detroit had a homeownership rate higher than the national average and much higher than the rate for other principal cities (Census 2011b). For example, in 1986, Detroit's homeownership rate was 70.5 percent, compared to a national rate of 63.8 percent, and 48.5 percent for central cities. At the height of the housing bubble, just over three-quarters of Detroiters owned their homes. Today, that rate has decreased by a devastating twenty percentage points (see Table 1).

I met Saundra through an activist group in Detroit whose members had long been involved in radical labor organizing, anti-capitalist, and anti-racist causes. Saundra's primary cause was opposition to police brutality, and found the foreclosure moratorium group through activist networking. She and her sisters had recently lost the home their parents bought 40 years prior. Against their late mother's advice and Saundra's own resistance, the sisters took out a mortgage so they could make urgent repairs to the house. The mortgage Saundra's sister obtained ended up being an adjustable-rate loan with a balloon payment. When her disability payments decreased, she was not able to keep up with the payments, nor could Saundra or their other sister take them over. When Saundra met the anti-foreclosure activists, she immediately became a public face of the cause at rallies naming and shaming banks about to foreclose on Detroit residents.

Eras of Economic Restructuring

The closing of Lansing's Reo plant in 1975, in Fine's words, "foreshadowed the de-industrialization and the creation of the Midwestern rust belt characteristic of the last two decades of the twentieth century" (2004: 2). The housing crisis is a continuation of the crisis of deindustrialization, if understood as the global move away from a production economy to one based on knowledge and finance—and these crises are experientially linked for people.

Anthropologists of deindustrialization find workers feeling betrayed by downsizing because it breaks the Fordist social compact (May and Morrison 2003). Thus, the central concern of anthropologists studying communities affected by deindustrialization has been the disruption not only to livelihoods but also to the social and moral universe residents inhabit and remake. Narratives from downsized workers tend towards both nostalgia for the glory days (Dudley 1994) and evince critiques of corporations as having "lost their moral compass" (May and Morrison 2003) and/or of having abandoned corporate and community traditions (Newman 1985; Nash 1989).

Ethnographies of deindustrialization emphasize narrative as a key means through which community members try to understand what is happening and how to make sense of the past in relation to the present (O'Hara 2003; Hart and K'Meyer 2003; Newman 1985; Dudley 1994). Even as deindustrialization upends the moral and social order, leading to a possible "loss of interpretive room" (O'Hara 2003:44), deindustrializing communities experience a liminal state, which are marked by "moments of heightened reflexivity, during which the spectrum of social (and business) rules and norms can be reconsidered" (Hart and K'Meyer 2003).

In larger cultural production, deindustrializing communities are mobilized as evidence in discourses of failure (Russo and Linkon 2003; Gibson-Graham 1996). For Russo and Linkon (2003), narratives about Youngstown allow outsiders to frame deindustrialized cities as locations of failure, filled with helpless, dependent, and corrupt residents. National narratives about Youngstown do not valorize the community's struggles against plant shutdowns and these kinds of neoliberal framings that reproduce narrative of the working class as disempowered and, therefore, of the declining national relevance of class (Gibson-Graham 1996). MacLennon (1985) describes the 1980 bailout of Chrysler as "almost a mythic tale, satisfying a cultural need for assurance that giant corporate bureaucracies are in fact sound economic institutions…the political pressure to save jobs and protect cities where Chrysler facilities were located (primarily in southeastern Michigan) was the major factor that triggered the Chrysler loan" (37). While MacLennon points to the cultural need this narrative fulfilled, much as narratives of resistance to shutdowns in Youngstown reinforced a positive identity for steelworkers (Russo and Linkon 2003), she concludes the story with a clause that is much more revealing for the development of neoliberal capitalism and foreshadows the GM bankruptcy of 2008: "[S]aving employment soon became of secondary importance to the task of saving the company financially at the expense of workers and communities housing the plants" (37). MacLennon's finding signals the changing orientation of managers, investors, and government actors toward finance as their orienting logic in neoliberalism.

Workers and other community members have remained deeply committed to the success of their employers in face of these difficult changes, both from entrenched loyalty and the necessity of keeping work in their communities (Nash 1989; Burawoy 1979). Lansing, Detroit, and the state of Michigan are no exceptions. Former Lansing mayor David Hollister spearheaded a five-year campaign by city boosters to keep GM producing cars in the city when, in 1997, GM threatened to end all production in the city after Oldsmobile's centennial. Eventually, Hollister's Keep GM! campaign resulted in GM building two modern plants in the greater Lansing area, Lansing Grand River and Lansing Delta Township, the first LEED-certified factory in the country. The last Oldsmobile was produced in Lansing in 2004 and GM shuttered the Fisher Body shop, Lansing Craft Centre, Lansing car assembly main plant, and Lansing Metal Center between 2005 and 2006, to accommodate the revamped production at the two new plants (Lansing State Journal 2008).

It was over the sprawling, weedy lot where these plants had been demolished, along Saginaw Avenue heading west from downtown, that a pale blue billboard hung while I conducted this research in 2009 and 2010. In simple block font it stated, "Foreclosure is hard on the whole family" and directed viewers to the federal government's foreclosure prevention website and hotline. Similar signs hung throughout the city at major intersections and encircled it along the interstate during my fieldwork, physically marking it as one of the areas hardest-hit by the national foreclosure crisis. Hanging over the ruins of two auto assembly factories, the billboard also marked the stratigraphy of economic crises and change in the community: the once-prosperity of the auto industry; deindustrialization starting in the 1970s and accelerating through the shutdown of Oldsmobile; the decade-long recession; and then, one of the highest foreclosure rates in the nation. These processes have chipped away at the American dream, understood as financial stability and upward mobility and symbolized by stable, decent work and homeownership. Whereas deindustrialization stripped away the possibility of a dignified work life as it was understood in the post-war period, foreclosure threatens the cultural vision of decent family life symbolized by homeownership.

The modernization of production in Michigan and, after the 2009 bankruptcy, workers' labor under a two-tiered wage system, have led to significant manufacturing job losses and precarity in workers' lives. Then-governor Jennifer Granholm (2003-2011) defined her tenure in relation to stemming the loss of manufacturing jobs and attenuating the recession, including through a series of "investment missions" to Japan to attract advanced auto manufacturing, alternative energy, and life sciences industries to the state. Over the first decade of the twenty-first century, Michigan's unemployment more than quintupled, from around 4% to 15.3% in September 2009. That same month, the Lansing-East Lansing area had an official unemployment rate of 11.0% (Bureau of Labor Statistics 2009). This number probably underestimates actual unemployment, with the rate of unemployed, underemployed, and discouraged workers at 17.5% nationwide and upwards of 20% in Michigan (New York Times 11/8/09). In my eastside Lansing neighborhood, it was common for us residents to assert that at least one-quarter of the adults were unemployed.

Losing the Good Old Days

For housing counselor Juanita, the foreclosure crisis is not a crisis of the financial system but a continuation of the crisis in the productive economy. Even though she had been taught in her training as a housing counselor to prioritize predatory lending as a leading cause, for her the crisis is about, "The economy. Jobs. Mmhmm. People are saying, yeah, I would have to admit predatory lending has a lot to do with it, although, everybody seemed to be doing just fine until they lost their jobs. Well, they blame it on predatory lending, but you know what, when you lose your job—you obviously don't have the money like you used to have in order to afford your bills. Why do you think everybody is walking away? All of our jobs have went down to China or wherever else—or they minimized, or they closed out—and they don't have the money any more to keep continuing with that."

Anna: "Yeah. So when you say economy, what do you mean? What's the economy?"

Juanita: "Mmm, that everything just went bad. You know? I mean like everybody is struggling right now so much because they've lost their job; they're trying to maintain."[25]

What people are "trying to maintain" is the standard of living they associate with the vibrant middle class. Mary's reflections represent well the changing experiences and expectations of class in America: "I think middle class lifestyle is not what it used to be, for sure." Mary had grown up in a town near Lansing in the 1950s and 1960s and was still closely in touch with her mother, who was offering varying levels of material and financial

[25] Interview, Juanita, October 6, 2010, Okemos, Michigan.

support to Mary and her brother as each was facing mortgage trouble. "What did it used to be," I asked her.

> Oh, I think middle class before I would think, you know, you have a fairly nice home, you know—like, not super expensive but not anything really horrible. You have two cars. You get to go out and socialize. You can—I mean, I don't know how to put it into words. Because I know my parents were probably what would be considered middle class, you know? We didn't have a lot of extra money, but we could take vacations. We could save every year and we could go on a family vacation. For a while when we got older we went to Las Vegas every six months. That type of thing. Now I think middle class is pretty much pay check to pay check—I don't think middle class has a large amount of people that maybe have a great savings or a great retirement plan. I mean, that's just kind of what I'm feeling. I mean, I have no retirement plan. I mean I have a little retirement over there, but it's not gonna…Middle class I don't think is a great thing to be any more. Insurance premiums are so high. Everything costs so much more now; I just don't think that your normal middle class people have a lot of extra money to send kids to college—that type of thing.[26]

Mary's discourse reflected two different ways of defining middle class. First was that middle class is what a person in the middle of the income distribution can afford. Alternately, "middle class" meant a certain standard of living. Within the first definition—that is, what is available to someone with the median income—"middle class" cannot technically disappear because there is always someone in the middle of the distribution. This was what people mean when they said things like, "Middle class I don't think is a great thing to be any more." There are still Americans in the middle of the income distribution—where a family of four earns $51,914 (U.S. Census 2012).[27]

The other side of Mary's commentary, the one with more emotional resonance, was about the loss of the specific lifestyle she means when she imagined the middle class. It is

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[26] Interview, Mary, August 11, 2010, Okemos, Michigan.

[27] http://quickfacts.census.gov/qfd/states/00000.html

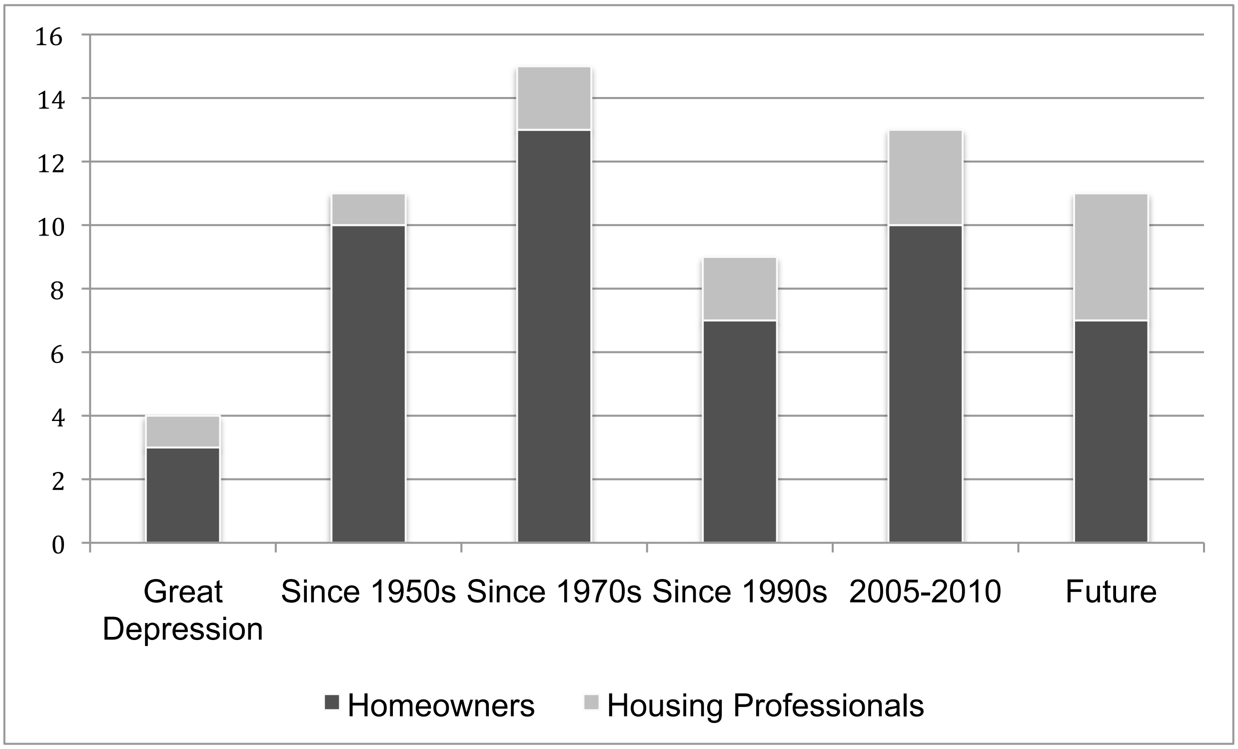
the middle class of her parents' generation, of when Mary grew up in the 1950s and 1960s. This middle class was the one that can afford vacations twice a year, go out and socialize and own two cars. Like most Americans, she has attached her imaginary of the American middle class to the post-World War II period. This is a middle class that *can* disappear and it is the disappearance of that standard of living that ignites class anxieties in normal people and the political establishment. Of note is that Mary identified herself as a middle class person by virtue of her childhood: *she* is permanently anchored to this class position so in her experience, it is not that her own position is changing but that the content of her self-assigned status is deteriorating. Here I return to her claim that the middle class now suffers from insecurity around retirement: "I don't think middle class has a large amount of people that maybe have a great savings or a great retirement plan. I mean, that's just kind of *what I'm feeling*. I mean, *I* have no retirement plan" (emphasis mine).

Mary located herself multiply and complexly in the class system. Although she self-identified as "below the middle class" when I asked her what class she belonged to, she permanently anchored herself with the middle class because of her comfortable upbringing. This points to the temporal dimensions of living class and what period of life "counts." For someone who grows up middle or upper-middle class and then has a decline in her standard of living, like Mary, formative years may be what one is "really" made of. For others, especially successful climbers, it is one's later status, the final achievement of some variant of middle classness that counts. Economists who study poverty, wealth, and income spend considerable intellectual energy thinking about the temporal flow of wealth throughout the lifetime. In a "normalized" life of a middle class person (or an aspirant), it is common for people to experience a decrease in earnings and standard of living in the early adult years, during postsecondary education or in the early working years. The assumption is that upon leaving one's relatively more stable and wealthier parental household, there is a period of struggle to "establish yourself." In the middle classes, this "establishment" is usually financed by large debts for education, a mortgage, perhaps a car and other durable consumer goods.

These former markers of upward mobility—postsecondary education and homeownership—account for most household debt in America and have therefore become major liabilities instead of sources of security. According to Warren and Thorne's (2012) analysis of bankruptcy filers' debts and personal characteristics, the signature experience of middle-income Americans is now precarity. When they are surveyed about their aspirations, Americans vastly prefer, at a rate of almost 7 to 1, the promise of stability over the promise of wealth (Pew Charitable Trusts 2011). I have not found long-term data on Americans' preference for stability versus wealth, but I suggest that the vast preference for stability is an artifact of nostalgia, grasping for the always-impossible past as a comfort in a time of crisis. Nostalgia is a longing for that which never really existed (Stewart 1984). As we narrate the nostalgic past, we bury it at the same time, making it seem at once more authentic, more present, and more irretrievable (Dudley 1994; Stewart 1984; Ivy 1995). I further suggest that this nostalgia is kindred to what Lendol Calder (1999) calls, in his cultural history of the American dream, the myth of "lost economic virtue." Lost economic virtue is the sense that in the past, Americans used to be thrifty, not pay with credit, nor accumulate debt. This mode of historical representation, serves as a mode of critiquing both consumerism and individual waste. Calder cites popular literature including Mark Twain as sources of this myth of lost economic virtue. For Twain, the age of lost virtue it was the antebellum period when thrift ruled; later, people saw Twain's age—that he criticized as an age of "charging it"—as the time of thrift. Then it was the Depression. Yet, writing on the eve of the Depression, the Lynds' (1929) wrote in their community study of Middletown that in 1890 "[p]eople dreaded 'being in debt,' but… [t]oday Middletown lives by a credit economy that is available in some form to nearly every family in the community" (46). Whereas Calder's myth of lost economic virtue is about individual economic moralities, the mythic losses under consideration here are about mourning vanished institutions and economic arrangements.

I analyzed 61 discussions of history and the economy, from interviews with 17 homeowners and 15 housing professionals' transcripts, from earliest historical mention through projections into future recovery from this crisis, as seen in figure 1 below. At a gross level, one can see that people's discourses were focused on present problems, but were nearly equally focused on the problems of deindustrialization and of future recovery. Their consciousness was suspended evenly between the shaky past and an uncertain future. In general, people anchored their analysis to other historical moments of decline, most often the contraction of the auto industry in the late 1970s and 1980s. About half the historical quotes were about Michigan's history and economy while the other half were about national history. Few quotes either explicitly linked state and nation or reference global decline (3 and 4, respectively). But, because people were so equally concerned about local/state and national decline, I argue that these reflections as a whole reinforce the theme of citizenship in decline.

Figure 1. Historical Reflections (speech incidents)



Note: One discussion about the Industrial Revolution has been omitted.

Homeowners and housing professionals I interviewed were unanimous in locating the good times from after World War II until the early 1970s. Those who were children in the mid-century claimed that what their fathers made as factory workers "would have been considered middle class."[28] A housing program director I saw frequently during my research, Cindy, grew up in Lansing recalled how GM used to recruit workers in her high school cafeteria. She herself went to work at GM as a hiring secretary: "We used to work 13 hour days, six days a week just to process new hires. There'd be 200 people a day lined up

[28] Interview, Perry, September 14, 2010, Lansing, Michigan.

around the building and the line manager would be asking 'what's the hold up?'"[29] Evelyn, a homeowner in her 70s that I met at a counseling agency, emphasized the terms of the welfare capitalist compact giving workers plentiful wages to get "everything we wanted" throughout most of the twentieth century:

> My dad worked at GM; my husband worked at Ford. Ford was good to us. We had a good life. Those kinds of good times are not going to come back. Even those who kept their job—things'll never be the same as back when we were raising our kids. I've had a lot of good years...I think we had the American dream when I was married: we had everything we wanted. He worked, I worked, we sent our son to college. From the time I married, times were good.[30]

Yet, Evelyn's nostalgia for the mid-century middle class also indexed a critique about the decline of America, especially related to domestic manufacturing. She has accepted the commonsense, now a generation old, that "things'll never be the same" for Michigan workers. Her nostalgia for the period is confounded by her nostalgia for marriage and angst over its dissolution when she was 50 years old.

The particular historical junction in which Evelyn, among others in this project, grew up, was the Fordist compact between capital and labor that came to symbolize welfare capitalism in its fullest expression from 1945-1973. It was based on redistribution of wealth enabled by ever-increasing growth. It was the serving up of an economic "pie sweet and big enough to pass around in generous portions" (Dudley 1994:xviii). The institutional structures, such as the Wagner Act legalizing labor unions, the "family wage," and Keynesian policies of business cycle regulation, minimum wages, and unemployment insurance for wealth redistribution did not fully manifest until after World War II because

[29] Fieldnotes, February 26, 2010.

[30] Interview, Evelyn, August 24, 2010, Howell, Michigan (via telephone).

of a wartime wage freeze and no-strike commitment by unions (Harvey 1989; Nash 1989; Fine 2004). It was the era when white women, like Evelyn, were able to live as housewives, enacting the kind of morally appropriate dependence discussed by Fraser and Gordon (cited in Dean 2010; Nash 1989; also see Coontz 1992 for a critique).

Nationally, the postwar economic boom, mortgage financing programs, and suburbanization of the 1950s blurred class lines but strengthened racial lines (May 2008; also see Sugrue 1996); in fact, until the 1950s, white and black American families were more similar than they were different (Coontz 1992). Saundra and Gwen, both African American women who grew up in Detroit in the 1950s and 1960s, recalled their childhood neighborhoods as the pinnacle of wholesomeness and possibility. Saundra recalled with affection growing up surrounded by an extended network of family members on a block with dozens of children. "And it was a real community. Everybody knew everybody for miles around.." Saundra is a playwright and activist, and she loves performing storytelling. The vegetable man and the ice man used to ride through the neighborhood with their horse-drawn carts. She and her mother would ride the trolley into downtown. She was the last generation to experience those trappings of the old days and the

> [T]otally self-contained community at that time. It was segregated, but we had white business people, but we had a lot of black business people too, and the black business people outnumbered the white business people, okay? Well, at a certain point it was a turning over, because I would say probably the 50s to like 63 or so, it was mostly white, then after 63 when people started—because they were working in the factories and making more money, white people started moving out and black people filled in those spots where the white people moved out at and in the business.[31]

[31] Interview, Saundra, October 20, 2010, Detroit, Michigan.

For her, decline was not related to the auto industry but to the arrival of the drug trade in 1964 or 1965—though, of course, the arrival of the drug trade is not unrelated to the decline of manufacturing employment. Further, the riots of 1967 exacerbated the rate of white flight to the suburbs, leaving more vacant properties that were vulnerable to takeover from drug dealers. "In those 14 houses that we had on our block, out of the 14, 7 of them I would say by 1970 were dope houses." This is the period when Gwen decided not to raise her sons in Detroit but to migrate to Lansing.

While Saundra's and other primarily black neighborhoods in Detroit were decimated starting in the 1960s, white suburban families diverged from other American families through the lifestyle of "democratic abundance" (May 2008) they were able to enact in the suburbs when "the middle-classing of (white) America" became a shared "national project," "creating a world of consumers with the means and the desire to buy goods, staving off the class consciousness and incipient class warfare that had been taking shape during the Depression years of the 1930s and elevating the working classes to at least a certain level of culture and further aspirations" (Ortner 2003:28). Even though Michiganders recall the glory of the 1940s, 50s, and 60s, many workers at the time continued to augment their factory earnings with farm labor. These activities were not only about maintaining an identity connected to the land but out of simple economic necessity (Fine 2004). In the 1950s, more auto plants began leaving the unionized Midwest in search of cheaper labor in the South, presaging globalization's evacuation of auto jobs from the state in the 1980s, 1990s, and 2000s (cf. Adler 2001).

Downward Mobility

American cultural ideology has always been and remains one premised on the myth of class mobility, the crux of the American dream (see Spindler and Spindler 1983; Gillin 1955; Cullen 2003) that "there must be equality of opportunity for all and a chance for everyone to have his turn at bat" (Warner 1962:129). In large measure, upward mobility is the American discourse on class—it is a "folk gospel" (Chinoy 1992). Historically, class-based moralism has been rooted in secular derivations of the Protestant Ethic valuing hard work of value to the community, for which one deserves to accumulate wealth. With a few historical exceptions—the Gilded Age, and Gordon Gecko-esque neoliberalism—general sensibilities tamped down extravagance that violated people's perception of living in a country founded on equality; then, it is hubris (du Bois 1955; also see Jacobs and Newman 2008). Such cultural moderating forces, based on a discourse of meritocracy, have been the American compromise between citizenship and capitalism.

T. H. Marshall (1950), who wrote the seminal text on citizenship studies, understands citizenship to be at odds with capitalism because capitalism is a class system: whereas citizenship is about equality, capitalism is a system of inequality. He concludes that these "apparent inconsistencies are in fact a source of stability, achieved through a compromise which is not dictated by logic" (84). I disagree with Marshall that the compromises between citizenship and class are not dictated by logic; instead, class inequality is inherent in *and* consistent with American ideology of citizenship.

Meritocracy is a discourse of individualism: since one's efforts lead to just rewards, one's failures are individual (McNamee and Miller 2004). The American dream therefore confers what Marshall (1950) calls "equality of status" but not "equality of income." The capitalist citizenship embodied in the American dream is a delicate balance because whereas citizenship creates equality, capitalism fosters class divisions.

Being “middle class,” then, is a claim to the true and fullest experience of citizenship, what Morgen (2010) call “un-prefixed” Americanism. It is a citizenship hinged on historically contingent mixes of consumption and morality. "[T]he 'middle class' is the most inclusive social category; indeed, it is almost a national category. In many usages it means simply all those Americans who have signed up for the American dream, who believe in a kind of decent life of work and family, in the worth of the 'individual' and the importance of 'freedom,' and who strive for a moderate amount of material success" (Ortner 2006:71). Far from solely an economic category, class is a suite of moral, social, and affective practices: education, values, family composition, occupation, and social boundaries. Because of nearly-innumerable permutations among the variables, the American middle class “is everybody except the very rich and the very poor” (Ortner 2006:71), largely through staking claims to middle class values—education, family sacralization of the domestic sphere, independence from the state, and valuing privacy and propriety.

Because of middle class ubiquity, Sherry Ortner argues that the “plain middle class,” is “slippery” because “there is almost no ‘there’ there; to be plain middle class is almost always to be ‘really’ something else, or on the way to somewhere else (Ortner 1998:8). The seismic shift noted with alarm by distressed homeowners, pundits, and politicians (to name just a few) is that increasingly more Americans are on their way *down*. Although the Pew survey (Morin and Motel 2012) found nearly half of Americans claiming the plain middle class category, one-quarter claiming lower-middle class, and 15 percent self-locating in the upper-middle class. That Pew survey found the highest number of people self-reporting belonging in the lower and lower-middle socioeconomic classes. Ortner (1998) has argued that Americans "in general…do not like to subdivide the middle-class category" (1998:8) except to use "lower-middle class" to cover their objective belonging in the working or lower class. My read of such usages is that it is not so much about covering one's objective status but, rather, to make a claim on citizenship and respectability. The Great Recession is undermining the lived experience of citizenship by radically upsetting the postwar consensus about upward mobility, meritocracy, and decent family life. To say this is not to ignore the ways that deindustrialization has significantly exacerbated instability, poverty, and "honest work" in areas like Michigan. Rather, in the rest of this chapter, I will argue that downward mobility in the Great Recession is experienced as the culmination of a period of epochal historic shift that began with deindustrialization.

When facing foreclosure, most homeowners emphasized their fall from the middle class to poverty or an in-between status like "middle working poor." Gwen, an African American social worker in her 60s, offered me a nuanced landscape of middle class possibilities over coffee one day:

> *Working middle class* to me is people that are able to have the things that they need, but also able to have a few things that they enjoy, both physically, emotionally, and time wise. Means that you don't have to work and live pay check to pay check if you don't have to. You do it because you have gone a little bit above what you need to go, if you were to live…without being paycheck to paycheck, you would be, okay, I'm going home, I'm going to work, I get my gas and get my food. But because you live a little bit beyond that, you're always waiting for the next paycheck. That's the working middle class. *Just the middle class* people, they don't really worry about too many things. They know that they have, and they have a bank account. They have a back up plan, some kind of something that's gonna help them survive if something was to cave in on them for maybe a couple of months or something like that.[32]

[32] Interview, Gwen, August 26, 2010, Lansing, Michigan.

Gwen devoted most of her explanation of class experience to the working middle class, the place she located herself. Gwen was working part time though she wished it were full-time, which was the primary reason she had gotten behind on her mortgage. At 60, her four sons were grown and out of the house—three were working and one was in graduate school. She spent most of her free time and resources helping out her elderly parents who lived outside the city. She considered herself to be "middle working class, but according to my children I'm in the working poor class." These divergent ideas come not from a schism between her and her children, but rather because she raised them to aspire to a better life.

Gwen's description of working middle class points to the sacrifice and hawkish managerialism required to survive: in order to avoid living paycheck to paycheck, a working middle class person must limit herself to "my gas…and my food." It is an economically bare existence, one mirrored in the budget counseling offered at housing counseling agencies. Those budgeting sessions hinge of producing a "crisis budget" that eliminates as much spending as possible—most often reducing grocery spending (supplanted with food stamps, if possible), canceling cable, lawn service, and perhaps letting other bills slide for the time being.

The "just middle class," in contrast, is financially secure in a way that seems nearly unfathomable: they don't worry about too many things. More than any other feature, distressed homeowners longed for the middle class luxury of being able to afford to go out to eat once in awhile. The lack of worry, the physical and psychic ease of middle classness is at least as much a defining feature as one's income.

Gwen's analysis of betterment also hinged on her analysis of racialized class experience.

> There's three different characteristics of the average American person. You have the *minority average American person*. And you have the *Anglo-American*. Then you have the average person that is just barely, that's the *working class poor class*. And the reason I say it's three different, because we all are at different economical levels that makes us all average within that level. That's the way I look at it.[33]

Gwen seemed to paraphrase Ortner's conclusion that "there is no class in America that is not always already racialized and ethnicized, or to turn the point around, racial and ethnic categories are always already class categories" (Ortner 1998:8). The mother of four boys, Gwen was painfully aware of the thwarted ambitions, discrimination, and danger her sons faced as young African American men, especially if she raised them as a single mother in her hometown of Detroit. "Raising four sons, to me, it would not have been a good place to raise them in Detroit. I mean four, black, young men – that just did not seem like a good sale…since they didn't have a male image, a male support, at that point that would be down in Detroit, I didn't think that was a good place to raise young men."[34]

Instead, Gwen moved to Lansing after separating from her husband in order to live near her parents who had bought a large piece of property in a nearby rural area after the Detroit riots. When her husband came back from a deployment overseas, "I had gotten a townhouse here. And we lived in a two-bedroom townhouse for a period of time until we divorced. And once we divorced, I didn't wanna live in that townhouse any more. And I pretty much gave myself five years to find a house and get in it. I had the house and had

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[33] Gwen went on to expound on the cultural capital of minority, Anglo, and working class poor classes, echoing the folk adaptation of the culture of poverty thesis that emphasizes the deficient cultural capital and internal motivations of the poor.

[34] In his ethnography of street drug dealing in Detroit, Luke Bergmann (2008) provides an excellent history of economic hardship and the exclusion of black Detroiters from public space and enterprises, especially after the 1967 riots, the time Gwen's sons came of age in Lansing.

gotten in it within two. So that was the house that I wanted. 'Cause I wanted my sons to have some respect for something. I wanted them to know what it meant to have some property—what it meant to have some kind of pride about what you had."

The house was modest and needed constant repairs, which Gwen paid for by refinancing the house and cashing in the equity. Eventually, after her youngest son graduated from high school, Gwen was living in an apartment while renovating the house. She had refinanced the house numerous times, increasing the balance of the mortgage and drawing out all the equity out of the house. Eventually the terms of the refinanced mortgage were so bad that an attorney told Gwen, "my grandchildren's grandchildren's grandchildren would never be able to pay for this house." She had been victim to predatory refinancing schemes of a type that devastated African American communities in the 1990s (Immergluck 2009).

On the advice of the attorney, Gwen gave up the boys' childhood home as part of a bankruptcy filing.[35] Like most parents who buy their houses, Gwen did so thinking primarily to provide stability and a positive role model for her children (Culhane 2012:124-25). Because she was able to hang onto that house until the youngest graduated high school, she thinks, "the house served its purpose. The kids had a place to grow up in. They had one place to grow up in. They knew that this was a stable environment. They

[35] Even though the refinancing scam for Gwen "hurt me to my heart," she was not dissuaded from buying another house. It was this second house that she was in danger of losing because of her precarious work situation in 2010.

knew that this was their place. So from that perspective I look at it that it was good for them."[36]

Owning a house for Gwen was not only about family virtue and pride, but also useful as "something that you can take your taxes off," by which she meant claiming the mortgage interest tax deduction. Then, Gwen echoed housing industry commonsense that homeownership is a wealth-building tool for, by continuing to appreciate in value while the owner pays down the debt, the house is an enforced savings mechanism. The success of the house-as-asset model depends on what Bill Maurer (2006), in his history of the mortgage, finds is a historically recent shift in understanding of mortgages and debt—where debt that has been reduced, but not paid off, actually creating more access to capital. Paying off a mortgage "kills" the debt and the contract, distancing homeowners from institutions that would lend them more money and the ready cash they would have available as home equity. It is a conflation of the house's use value (as a residence, a stable environment to raise children) with its exchange value (as a wealth-building strategy) (Saegert, Fields, and Libman 2009). But as the predatory refinancing schemes and present foreclosure crisis make painfully clear, the asset-building claim hinges on very specific real estate conditions: fundamentally, that prices must always be rising, but also that borrowers must not cash in on this unqualified promise too often.

As many observers have noted, the foreclosure crisis is a "painful inversion" (Saegert, Fields and Libman 2009) of the promises of homeownership as a source of stability and wealth building. Instead of increasing subjective and financial wellbeing, a mortgaged house is increasingly a source of stress, uncertainty, financial liability, and

[36] Interview, Gwen, August 26, 2010, Lansing, Michigan.

downward mobility (Ross 2009; Culhane 2012; Warren and Thorne 2012). Almost none of the twenty-four households I interviewed self-identified as unmarkedly middle class, and the few who claimed to be plain middle class did so in complicated ways. One woman, a divorcee in her 60s, came close to locating herself in the middle class, noting that before her divorce, she was upper-middle class but that now she didn't "particularly have the means for that." Everyone emphasized their downward mobility and framed their experience as contradicting or challenging the myth of the middle class. In general, homeowners said things like, "we were middle class…[but] we're poverty now."[37] Or another woman said, "I would say middle [class]; we were working our way [up]." Her husband interrupted: "Now we're indigent."[38] Although there is ample evidence that middle class Americans—defined by their location in the income distribution—are financially vulnerable, Americans' folk belief strongly persists in defining middle class as de facto financially stable. Financial distress—unemployment, foreclosure, draining one's savings—confirms the impossibility of one's claim to the middle class.

Homeowners' complex self-locations, such as middle working class, allowed people to maintain a stake in the middle class as both a source of identity and to critique the current political economy. The United States has staked its mythic identity, its exceptionalism, its greatness, on the existence of a broad middle class. Historically, the American dream has enshrined the belief that individuals rise and fall on their own strengths and weaknesses, so that individuals receive all the credit and blame, respectively, for their upward and downward mobility. As Ely Chinoy described the blocked aspirations

[37] Interview, Nicole and John, September 20, 2010, Howell, Michigan.
[38] Interview, Maria and Timm, September 22, 2010, Fenton, Michigan.

of early twentieth Lansing workers, "The social order is thus protected...only at the psychological expense of those who failed" (1992:130). As downwardly mobile homeowners in the present crisis placed themselves in poverty or a conflicted status like “middle working poor,” they sometimes absorbed blame for their situation, as the American dream ideology would predict. In other ways, homeowners rejected its individualizing blame, instead indicting corrupt banks, an ineffectual state, and a nation in decline. I will return to discuss these epochal shifts; first, I examine in more detail the experiential side of downward mobility.

“*I went* shopping”

People I interviewed experienced the stings of class in America, sometimes for the first time, after losing a middle-class wage or salary, or other times sliding back into the kinds of struggles they experienced as children. A change in class position is not nearly so simple as merely having a lower income. Class is intimately bound up with notions of self-respect, propriety, and a set of tastes (e.g., Bourdieu 1984). The homeowners who were experiencing significant downward mobility also had to learn how to worry about money in a different way. Their financial anxieties showed up in new physical and mental sensations that remade the way they inhabited the world and their bodies. Perry lost his house to foreclosure in 2004, before the national foreclosure crisis hit and before there were mortgage relief programs available. He began to have financial difficulties when he was laid off from a job he had held for fifteen years.

> Um…yeah, I mean for the longest time money issues would sort of give me this empty feeling in the pit of my stomach or like a twisted feeling in the pit of my stomach… After I got to a point where I was, I guess, sufficiently poor enough for sufficiently long enough (laughing), it was like I kind of came to

> accept that, and you know, it doesn't create as much anxiety. I mean, certainly not the extent it used to as I was fighting to, you know, pay my bills and all of that. So I mean, I probably should be more afraid of not having any money. Right at the moment I've gotta sort of scramble to get caught up on my rent. But it's not making me crazy. I'm not anxious about it, ya know? And I'm not exactly sure I could tell you why. I'd rather not be out on the street, but you know, I don't worry about it too much.[39]

Entering a new class requires making a new habitus (Bourdieu 1977), a new set of physical and emotional states that become naturalized. Perry was still able to recall the learning process but had been "sufficiently poor enough for sufficiently long enough" that he did not feel the same pains as he did when he first became more economically insecure. In spite of his stated acceptance of the situation, there is ample evidence that people with lower socioeconomic status experience more stress, more illness, and lower resilience to illnesses than those of more means. This is not to say that I doubt Perry's account that he no longer feels stressed by money; in fact, he was one of the first people to tell me that his foreclosure sparked a positive mental awakening and self-acceptance. But there may be long-term costs that accrue to individuals' health because of their economic strain. Because of the relative fixity of our class positions, in spite of the national narrative of mobility, people from one class background often do not and cannot imagine the feeling (quite literally, the way it physically feels) of inhabiting a different status. The chance to vicariously inhabit the stress of a lower economic position may be one of many reasons Barbara Ehrenreich's (2001) *Nickel and Dimed* remains such a popular treatise on the lives of the working poor.

Nicole and John discussed the shame of going from being in a family that was always helping others in need, to using food banks, charity closets, and state-sponsored health care for her children.

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[39] Interview, Perry, September 14, 2010, Lansing, Michigan.

> Anna: At that point, when you John had a job and you were working your two part-time jobs, what class did you feel like you belonged to?
>
> Nicole: We were middle class.
>
> John: I would consider it middle class.
>
> Anna: Is that the case now? Do you feel middle class?
>
> John: Oh, heck no!
>
> Nicole: No way.
>
> John: We're poverty now.
>
> Nicole: Probably. My kids both now qualify for the state, um, insurance,
>
> John: Free lunches.
>
> Nicole: Free lunches. You know.
>
> John: When we go shopping it's at the Salvation Army.
>
> Nicole: Sometimes.
>
> John: We have to go to food banks to get food. It's tough.
>
> Anna: What is that like for you guys?
>
> Nicole: It's very humbling. It's very hard.
>
> John: I say we went from helpin' people to needin' help.
>
> Nicole: And something like when you go to the food bank, and you sit there and you're like, [gesture] I shouldn't be here. But it's help and it helps, you know. So... You know, we'll come home if my son has a friend over. 'Oh, yeah, I went *shopping*.' You know, I don't want their friends to know that no, I just went to the food bank to pick up food.[40]

There is a sort of un-othering that goes on in these reckonings, especially for John, who continued to interject into Nicole's speech to offer examples of their use of assistance

[40] Interview, Nicole and John, September 20, 2010, Howell, Michigan.

programs. Both John and Nicole, but especially John, experienced "hard times growing up in the 70s and 80s" during early auto industry crises. It is perhaps not only gender socialization but his childhood experience that gave him more comfort discussing their financial struggles. When John noted that they have gone "from helping people to needin' help," he linguistically placed himself as a member of a new group—as citizens subject to state and community largesse. Fields, Libman, and Saegert (2010) found that many of their 88 focus group participants, too, had gone from helping others in their families and social networks to asking them for loans to catch up on the mortgages. For them, many of them first-generation homeowners, "borrowing money was an admission that the social status achieved through homeownership was tenuous. Loans from family members thus conflict with the identity of proud owner" (Fields, Libman, and Saegert 2010: 662).

Nicole, for her part, maintained a stake on middle-class respectability by obfuscating where she gets food for her family. Coontz (1992) argues that middle class and family respectability depends on the illusion of never receiving state aid—that there is an ideological framing or a conceit on the part of middle class families—whereas the middle class as we understand it has only been made possible by massive federal government support. There is a cultural blindness to this as welfare, that one of the political gifts to the middle class is the (false) belief that families succeed on their own. Nicole wanted to maintain her middle class dignity, propriety, and privacy. Fear of publicizing her needy status incites her to an airy lie about "shopping." Nicole still wanted to be buying it from the grocery store, but the grocery store brings on new feelings of anxiety. She recounted that,

> I've never been an anxious or nervous person. Never had anxiety attacks. I go to the grocery store, I get very anxious and I have anxiety attacks for buying food for my family 'cause I'm thinking, 'I should be paying this bill' or… I have to rethink that: this is for my family. You need to put your family first and put

> the bills, you know… I'm trying to learn that things will have a way of working out. Don't worry, they work out. It's a different time.[41]

One's striving for upward mobility, especially when success is blocked, is a source of consternation and embarrassment to middle-class white ideals. For, as Greenhouse (1992) found in ethnography with suburban whites, they express their propriety as individuals through their privacy. Although Greenhouse was concerned with these Americans' aversion to conflict, she notes that one incentive to avoid conflict is to avoid having one's status made public. There is, further, a gendered dimension to their exchange, with Nicole performing the woman's work of standing for the family's propriety and middle classness (cf. Halle 1984). As they experienced backsliding as adults, their experience undermined triumphalism of the American dream and positions them as new kinds of citizens, subjects of state intervention.

Not everyone, however, was comfortable identifying themselves with those "needing help." A Franklin Street housing counseling client at, Phil, was a white man in his 50s who was injured at work as a machinist. His employer had denied his worker's compensation claim and he was suing them to contest the decision. In the meantime, he had no income except that "my girlfriend gives me $150 twice a month. She convinced me to do this [come to the counseling agency]. I never would've done it on my own...I applied for the Bridge card. But I don't know if I can take the Bridge card out of my pocket and use it. I have higher standards for myself." Bridge card is Michigan's name for the electronic benefit card for the Supplemental Nutrition Assistance Program (SNAP), formerly and still colloquially known as food stamps. I suggest that these "higher standards" are about both a

[41] Ibid.

class identification and gender—that his expectations of his gender and his class exhort him to earn his living in the work force rather than rely on government aid. Tami tried to reassure him, "These are resources that are there for an emergency. You're in an emergency. You're not taking advantage of them."[42]

Fraser and Gordon's (1994) discussion[43] of the gendering of the welfare state is especially helpful for understanding resistance like Phil's to using food stamps. They argue that in industrial capitalism characteristic of the U.S., dependency is backwards and de facto feminine. The ideology of industry is that wage labor liberates man from dependence on other men, freeing him to the outcome of his own free actions in the marketplace. In agrarian societies, men and women depended on each other for farm labor. As men went to wage labor outside the home, a woman's dependence on a man became "naturalized" and a case for "good" dependency. When industrial policies of decentralization and labor cost cutting undermined the family wage, women's economic dependence on men was no longer possible (to the extent it ever was) (Sugrue 1996; Chinoy 1992). Therefore, according to Fraser and Gordon, the *only* form of dependency available in post-industrial society is "moral-psychological" dependency, a pathological non-adult, non-citizen category that is represented by one's use of welfare. Phil expressed no shame about drawing workers' compensation, nor did anyone I interviewed express shame about receiving unemployment benefits, confirming that Americans view social programs tied to labor force participation as earned benefits and other programs as (stigmatized) welfare (Jacobs and Newman 2008; Gordon 1994).

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[42] Fieldnotes, May 26, 2010.
[43] My discussion draws on Dean (2010).

Although Tami counseled her clients to accept food stamps as part of a temporary hardship, she also worried that more people's reliance on state aid forewarned of a national downfall.

> Yeah, and you know, I also think that America's gonna lose some of their power if we don't turn this around, where we're, you know, not gonna be as powerful economic wise as other countries, and I don't think that's good for us, 'cause we keep—we just have to turn this around, because *normal people are going to need food stamps*, and utility help, and I think more and more families too are gonna live together (my emphasis).[44]

Tami reinforced the dividing line between the self-responsible middle class—"normal people"—and the state's dependents and, thereby, the worn line between the deserving and undeserving poor. The descent of formerly middle class Americans into state dependency signaled for her the ruin of America's global power. In doing so, Tami's comment reinforced the fusion of the middle class *as* America, as the source of both its power and identity: being middle class is normal and it is this classed normalcy that gave the nation its historical power. America's economic decline, in her analysis, would reduce not only in the ranks of the middle class but the content of citizenship itself. Tami's concern over the scope of the crisis was far beyond the necessity for Phil or any other of the hundreds, if not thousands, of mid-Michigan homeowners to apply for food stamps for the first time. The problem was not additive—not simply that more people would need food stamps. Rather, it was a qualitative problem: normal people, the very heart of the nation, were on the brink of extinction. Tami did not generally talk about politics; instead, she preferred to talk either about the mechanics of housing counseling, whatever sport was in season for her sons, or her health, as she'd recently been diagnosed with diabetes. This

[44] Interview, Tami, October 22, 2010, Lansing, Michigan.

irruption of the political into her discourse showed the depth of her concern about the normalization of deprivation, angst, and resignation.

“The Average Middle Class Poor Person”

> “Young men are the fodder for older men’s wars, and I feel like the average middle class poor person—they’re fodder for the investments of wealthy people.” –Michael, homeowner in Flint, MI[45]

In this section, I return to housing crisis subjectivity in Michigan to argue that, although it is of course marked by national politics and discourses, it is deeply entrenched in a deeper polarization over the manufacturing economy and community loyalty.

Whether measured by the 99 percent and the 1 percent, or by the 47 percent of “takers” versus 53 percent of “makers,” America has, for the first time since the Great Depression, a more complicated and explicit national politics of class. The Great Recession has significantly exacerbated 40 years of rising inequality in America. During the nominal recovery from the Great Recession, 90% of recovered GDP/income/wealth has gone to the top 1% of the distribution (Saez 2012; Krueger 2012). This has become the well-known rallying cry of the Occupy Wall Street movement. When I conducted fieldwork, though, the Tea Party was ascendant but Occupy Wall Street (OWS) had not yet emerged. Homeowners and housing professionals I interviewed could not turn to OWS’ discourses but relied on their own experiences of past recessions and expert interpretations presented in the media to come to grips with the foreclosure crisis.

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[45] Interview, Michael, September 23, 2010, Flint, Michigan.

To a large degree, people accepted austerity as a matter of commonsense fact, as did housing counselor Jim:

> I certainly know that we're in hardship. The other thing too is Michigan has always been a really plush state. We always had great industry and we had lots of money and there was lots of programs available to the underprivileged and low-income people because of that. We were a wealthy state for a long, long time. And we instituted a lot of programs to help the underprivileged. And I think it's a wake up call that they're seeing the same things. Our budget can't support this kind of spending any more. We have to rethink our approach to these problems. You know?[46]

Even in his iteration of austerity—"our budget can't support this kind of spending anymore," Jim located the problem in a larger historical pattern of excess and decline.

The present moment is lived in what Jeff Maskovsky has evocatively called austerity citizenship, "in which individuals, families, and communities must learn to shoulder hardships and make sacrifices, for their own good and for the good of the nation, to save the nation from its profligacy…Who is expected to make sacrifices, not who is entitled to rights, becomes the operative question guiding popular and political deliberation over the substance and limits of citizenship" (Maskovsky 2012). I am compelled by Maskovsky's argument and adopt it basically wholesale to understand both national discourses and the framing logic for Michiganders' daily lives in crisis. Whereas middle class citizenship before had been about "democratic abundance" (May 2008) or the excesses of neoliberal consumerism, the austerity citizen takes anything she can get. In this dissertation, I take the predicament of downwardly mobile homeowners facing foreclosure to epitomize this austerity citizen. Katrina, a former loan officer turned housing counselor, described how most of her clients had lost their jobs: "[N]ow they're down to practically nothing. The bulk

[46] Interview, Jim, April 13, 2011, Owosso, Michigan.

of them today are saying, I just want a job. Even if it's not paying what I made before, I just want a job to be able to bring some income into my household…So with the salaries going down, right now people are desperate, it doesn't matter. It doesn't matter. Just give me something."[47] This is an evolution of beyond neoliberalism, where citizenship was reduced to the right to consume (see Herman 1999; Brown 2003; Alvarez, Dagnino and Escobar 1998) and where the market is presumed to be the best guarantor of individual and collective welfare. Austerity makes citizenship about reduction itself and elides any guarantees about wellbeing.

I also build on Maskovsky's analysis, using the historical consciousness that shapes my informants' experience. Mainly, they interpreted the housing crisis as an extension of earlier industrial crises. They drew in mainstream explanations of the crisis being caused by Wall Street, predatory lending, and mortgage-backed securities, however, these were only the recent eruption of a long period of decline. I also find that in working through historical and ongoing betrayals by corporations and the state, Michiganders expressed hope for a self-reliant citizenship, one that withdraws from both the State writ large *and* the Market writ large.

Experientially, Michigan's housing crisis is not understood as a problem rooted in the past couple of years—as only a problem caused by eroding underwriting standards and mortgage-backed securities—but rather, as a continuation of industrial decline. For Timm, one of the owners of the farm profiled in chapter 5, the shift away from manufacturing is explicitly a loss of values and of great nationhood. The first day I went to the farm, he was lamenting bitterly over dinner that America used to be a good country before it "got off

[47] Interview, Katrina, April 13, 2011, Lansing, Michigan.

track." For him, the national move away from the physical economy and into a financialized economy marks the shift from honesty to a sham, from greatness to betrayal. The United States was a great country, "I think early 70s, the late 60s people still had values. They built good automobiles. You could buy a circular saw and it'd last your lifetime." "You could buy a house," his wife Maria interjected." Echoing Evelyn's nostalgia, Timm continued, "You could buy everything.

> And my dad worked for GM. Enter, the accountants. "Product obsolescence" became a household word amongst the engineers. If we make everything last too long, we're out of a job. So they were told. But that wasn't really the truth. If they'd kept building really good, we would not be such a disposable society that we are today. But in the mid-70s, then they started lying. Nixon. The rest of the politics. It all of a sudden became clear there was a hidden agenda behind what the national politics were for this country.[48]

Timm's pinpointing of troubles arriving with "the accountants" in the mid-1970s maps onto the larger shift into financialization. According to Harvey's (1989) pivotal analysis, the most profound shift in this era was the increasing flexibility exercised by employers over labor processes and labor markets. These developments were not natural or necessary but were compensating strategies deployed in corporations in the face of rigidity of the Fordist production model and two global recessions in the early 1970s, in which U.S. companies fared rather poorly compared to competing nations with lower labor costs; corporations used the language of global competitiveness to justify cutting wages (Nash 1989).

Globalization was also of course hastened by innovations in financialization, which Harvey defines financialization as the growth of diverse financial practices (derivatives, speculative investment, currency trading), with the effect of deepening the impact of these not only on business but also on the state and on daily life (Harvey 2005:33). The ability to

[48] Interview, Timm and Maria, September 22, 2010, Fenton, Michigan.

earn returns with speculative capital comes from exploiting market irregularities and responding quickly and flexibly to emerging conditions. This practice emerged around 1973 when economists made innovations in abstracting, quantifying, and calculating risk. The resulting flexibility in financial movements coincided well with emerging ideological consensus for neoliberal reforms, including liberalized financial markets and leaner production. Wall Street, and the investors and corporate shareholders it serves, has emerged as the driving force and primary beneficiary of this corporate and social restructuring through the crises of the 1970s, merger and acquisitions boom of the 1980s, dot-com bubble, and the housing bubble, at the increasing expense of all other constituent groups (Ho 2009).

Although there is ample evidence of Michiganders' being fed up with austerity citizenship, it continues to dominate state politics in Governor Snyder's avowedly apolitical, vigorous downsizing of the state and dismantling of democratic consensus—the erosion of collective bargaining rights and an impending emergency manager in Detroit, to name but two recent examples. The passage of right-to-work bills in December 2012 occasioned the largest protests, estimated at over 12,000 opponents, ever held at the Michigan Capitol. Still, the rights of public and private sector employees to set up union shops were curtailed in a matter of hours after the bills' introduction. Such anti-democratic measures provide fodder for a citizenship marked by inevitability, contradiction, disjuncture between public interest and public action, and resigned cynicism.

Calls for political renewal I encountered among interlocutors in the housing crisis were occasionally, but rarely, linked to reengagement with political representatives. This is not to say people did not engage their representatives: indeed, as detailed in chapter 4, distressed homeowners fervently recruited state institutions and officials to act on their behalf. Instead, there was a great deal of talk about politicians' inefficacy and selling out to corporate interests—that was seen as a given. National politics since the arrival of the Tea Party have been marked by an explicit polarization around whether and how the state or market can be solutions to social problems. In my research, I found people working through that debate but also withdrawing from its premises about the State writ large *and* the Market writ large.

Where certain people sought political-economic change was in self-reliance and community-based solutions. To a one, my informants emphasized the vital necessity of getting more jobs back in Michigan. What interests me for the purpose of fleshing out this austerity—or post-austerity—citizenship is the perspective of Michiganders who emphasized entrepreneurialism and community connection, while rejecting corporate or external solutions. This was not the predominant perspective of people I spoke with—the dominant feeling, rather, was one of uncertainty about what, if anything, would be coming back to Michigan. I explore the entrepreneurial perspective because it illustrates fissures in and overlaps with austerity citizenship.

Marta's analysis of Michigan tacked from the decline of manufacturing to corporate skepticism, outlining the sense of this crisis as the gateway into an epochal historical shift:

> I grew up just north of Flint…And one day I think there was maybe a tenth of the jobs that were originally in the city of Flint who are now employed by General Motors [as] there were in the 70s…I mean, that's the whole state now is struggling because there are so many industries that were built off of supportive industries that were built off of the automotive industry that it's really a painful (garbled) for people. These are cities who 50 or 60 years ago are stark opposites of what they are today…it's a different world.

As this 30-something housing professional continued her analysis, she tallied the shortcomings of Michigan workers, the state government, and corporations to create a shared prosperity:

> And I think the whole mentality of not continuing to invest in yourself through education has really made it hard for people, because people haven't gotten, that sort of that—oh, I just need to finish high school and that's the big deal and then I'll just go find a job—and those low skill jobs are fewer and far between. So now there's a whole group of people who just don't have the skills to be out in the world and successful, and even if there were jobs—are those the jobs that are gonna pay a living wage? And so, I mean I think we desperately need to invest—now I'm like editorial, I think, but we desperately need to invest in education and that needs to be made a priority. We need to create a culture of learning here in this state and continual investment in ourselves.

Marta is correct in her analysis that there are few living wage jobs available to those without higher education—and, increasingly, to those with it. In her analysis of deindustrialization in Wisconsin, Dudley (1994) shows that it is the disappearance of middle-wage jobs, such as those of the auto assembly workers she studied, that started the post-1973 polarization of wealth that became so much starker after 2008. In words eerily reminiscent of Marta's, Dudley finds that white-collar professionals derided blue-collar workers for their outmoded attachment to "work of the hands" instead of "work of the mind," which is regarded as more highly skilled and more appropriate to the present day. The bigger problem for Marta is not manual labor per se, but the dependency it creates upon another:

> Because we're now the biggest commodity, it's not like they're—and I think we also get caught in this thing of waiting for people to create jobs for us as opposed to creating opportunities for ourselves. And I don't mean from like a bootstraps, like go out and do your own thing, but there's a lot of talent in this state and we haven't really—we've been living in a time when we've been called on to use it, I think for (garbled) so I think if ever there was a time, here it is.[49]

[49] Interview, Marta, August 19, 2010, Lansing, Michigan.

In Marta's esteem, both corporate attachment—"waiting for people to create jobs for us"—and the "bootstraps" mentality are outmoded subjectivities. She also rejects the old-fashioned "bootstraps" discourse, but refashions it as workers' talents and capacity for entrepreneurialism.

Entrepreneurship is at the heart of neoliberal subjectivity in both industrialized and developing countries. The fervor for microcredit and artisan enterprises in the Global South attests to the degree to which development strategists have sought to change people's livelihoods and subjectivities through increasing attachment to the market (Elyachar 2002). Thatcherism ushered what it self-described as an "enterprise culture," aiming to inculcate in its citizens a constant striving and deep-felt conviction that "the world does not *owe*" any person a living (Heelas and Morris 1992:PP). In the United States, this ethic has of course meshed easily with the American dream and meritocracy myth. Even when one could not be an entrepreneur-as-business owner, one *could* be an entrepreneur of the self, constantly improving one's dispositions and self care, and of one's wealth outside the job. The two are fused, as one earns esteem, self- and others', through savvy investing (Shiller 2008:57).

Michael, the Flint homeowner whose quote opened this section, had given up on investing. After what he described as failed attempts in the financial markets, and having a deeply underwater, he concluded that the "average middle class poor person" was "fodder for the investments of wealthy people." His cynicism echoed the way financial media and Karen Ho (2009) described Deutsche Bank's acquisition of two subprime mortgage servicers in 2006: quoting Financial News Online, Ho explains the bank's motivation "to become a leading player in all aspects of the business and to gain 'access to a steady source of product' (that is, the *raw materials* of actual loans) 'for our securitization program' (McCandless 2006)" (Ho 2009:319, my emphasis).

Michael's solution to corporate betrayal was to circumvent them through a localized livelihood strategy: he opened a bookshop and worked at the Flint city market, also promoting a local-first ethic, to supplement his income. Even though Michael's bookstore was failing and he was selling his house in Flint for one-quarter of what he owed and considering moving out of state where his wife was pursuing a job, he professed a citizenship of reinvigorated localism.

Yet I am suggesting that, at least in part, the emphasis on entrepreneurship in Michigan was not an unbroken deepening of neoliberal belief. Rather, it reflected an articulation of elements of several historical political economies. In this imagined citizenship, the self-made (wo)man of an older American dream embodies neoliberal entrepreneurship and community values. At the same time, she has a postmodern rejection of universalizing claims—in this case, that a generic free market or a global corporation can provide for her. Instead, the market must be constrained and specified, scaled to human relations rather than global flows. This prospective citizenship is a response to the utter failure of the master institutions of state and market to fulfill their promises of protection and provisioning. Saegert, Fields, and Libman's foreclosed homeowners from 5 geographically-dispersed U.S. cities also felt that "the America they lived in did not live up to the terms of the bargain…Many redoubled their efforts at self-reliance, based on the conviction that they were truly on their own to sink or swim" (2009:312). Beyond the aspirations and incipient projects of a handful of Michiganders and other foreclosed homeowners, I find this revamped localism and rejection of—and by—institutions in diffuse movements from homesteading (e.g., urban farming, domestic handicrafts, self-provisioning) and doomsday forecasters (e.g., "preppers"). A long string of economic crises, institutional failures, and a perceived loss of morality have left people feeling that America and its middle class are "not what they used to be" but not knowing what they *are* or what they might become. In the next two chapters, I provide partial views of this emergent citizenship.

Chapter 4: Financialization, Debt, and Ownership

In their simplest form, mortgages are contracts between a borrower and a lender for repayment of money, plus interest, to a lender that provided funds for the purchase of real property a borrower could not purchase with her own cash. A mortgage is a pledge to complete an obligation. The term derives from the Latin "gage," meaning a pledge of something (land) as a security against money lent or services rendered to the landholder (Maurer 2006:16). In medieval times, mortgages were considered sinful because interest itself was considered usury. A mortgagee (lender) could mitigate the effect of the sin on their soul if the debt was repaid before he died; otherwise, he was considered to have died a usurious sinner. For these reasons, Maurer concludes that even a "conventional mortgage cannot be understood as a purely secular, rational affair. It is bound up in notions of intimate and ultimate order, questions of life and death, and the status of the eternal soul" (Maurer 2006:97).

The cultural model of buying a house is this: a homebuyer gets a loan from her local bank or credit union, which is granted out of its in-house resources. She then repays the loan over 30 years; her monthly principal and interest payments become part of the bank's resources to make new loans. In industry language, this is a "portfolio loan," where the original lender holds the debt and services the loan. It is a single package of physical space—the bank—and relationship—between the homebuyer and the banker. Through this simple and enduring relationship with her banker, a homebuyer achieves over time all the cultural benefits of homeownership: respectability, autonomy, and equity. In the 1970s, Constance Perin argued that

> [O]ne's creditability as a fully social person is enhanced by the long-term obligation represented in homeownership...Being less under social control of the landlord than the owner is of the banker, the renter, lacking that tie, is not integrated into the wider system through the sanctions of foreclosure, the loss of property, lifesavings, and social worth, or the exercise of equal political rights. (1977:76-77)

Further adding to the mortgage's virtue, the homeowner's loan repayments support the aspirations of other bank customers, read as "community members." Mortgage-holders consent to be subjected to bankers, who confer not only capital but also social standing, in contrast to landlords who do not confer social status but merely take money.

Anthropologists have long argued that being indebted is foundational to social personhood, status, and economic relations. It is also increasingly clear that practices of credit/debt throughout the world set up and reinforce economic institutions and a moral universe that almost universally associates credit with power and prestige and debt with weakness (Peebles 2010). Different kinds of debt have different moral resonances and being able to sustain the right kinds of debt is a source of positive identity. In American commonsense, "good debt" includes those taken on to pursue education, start a small business, or buy a home—debts that link directly to the trappings of the American dream. "Bad debt" includes consumer debts like credit cards and personal loans.[50] Those who carry primarily good debt are considered (and usually consider themselves) good citizens who are disciplined and diligent (see Williams 2004).

Homeowners I interviewed for this project embraced these premises, noting that, "I've rented houses and apartments and end up with nothing to show for it. You pay all this

[50] This dichotomy ignores how frequently Americans resort to credit cards and personal loans to pay for education, living expenses while in school, healthcare, and other basic necessities. This increases class inequality as Americans use credit to salvage the *appearance* of a broad middle class (Williams 2004; see also Reich 2010).

money; well you could have bought, paid for a house years ago with all that rent you've paid. So you know, at least the house is home. It's something I can call my own once it's paid off; I know the money's goin' towards it."[51] Homeowners feel that buying a house liberates them from the bonds of others—either by allowing more daily freedom to "play my music a little bit louder than normal" or by not supporting the landlord's, wealth-building. In this cultural model, Americans chafe at the visibility of their subjection to the landlord and prefer the status (and material gain) that a relation to the banker conveys.

To riff on Karen Ho's recent commentary (2012) on corporations, the fact is simply that the homeownership "of our imagination does not exist." Since Perin wrote about the social standing that one's affiliation with a banker provides, there have been fundamental shifts in financial markets overall and the mortgage market in particular. The contemporary mortgage and financial market is based on risk-based pricing. From mortgage terms, such as higher interest rates and closing costs, to the market for mortgage-backed securities, everything hinges on abstract, quantifiable, and socially disembedded notions of risk (c.f. LiPuma and Lee 2004). These instruments—which economic anthropologists warned before the recent crash would undermine both financial systems and democratic practice (LiPuma and Lee 2004; Tett 2009)—have multiplied and mutated traditional ties between creditor and debtor (see Table 4). The vast majority of mortgages are not portfolio loans but are sold on the secondary market—approximately 9 out of every 10.[52] Mortgages sold on the secondary market, either to the government-sponsored

[51] Interview, Andre, September 9, 2010, East Lansing, Michigan.

[52] The OCC & OTS Mortgage Metrics Report collects data on the largest national mortgage servicers; more than 90% of loans they report on are serviced for others—either through

enterprises (GSEs) Fannie Mae and Freddie Mac or to private investors, are reincarnated as mortgage-backed securities, which introduce a complicated terrain among debtors and a more numerous set of creditors, rather than a dyadic mortgagor-mortgagee relationship.

In this chapter, I argue that homeowners are no longer in a relationship with a banker but with *finance*, a web of related practices in which one's banker is just one actor (key players are described in Table 4). The fundamental shift from banking to finance becomes visible and frictional when homeowners try to renegotiate their mortgage contracts. I discuss the highly liquid model of ownership promoted by financial institutions during the housing boom; the blurring of domains of market and state authority as represented in the policy of Too Big to Fail (TBTF); and how distressed homeowners experience both the state and banks as corrupt, unpredictable, and illegitimate when they are facing mortgage default.

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sale of the loan to another institution or through securitization. The rate of holding loans in portfolio (or servicing in-house) is higher for small banks and credit unions, though the overall rate of portfolio loans is small. See OCC Mortgage Metrics Reports here: http://www.occ.treas.gov/publications/publications-by-type/other-publications-reports/index-mortgage-metrics.html.

Table 4. Primary and Secondary Mortgage Market Terminology

Primary mortgage market	Transactions where homebuyers and lenders or mortgage brokers agree to terms of a mortgage contract and the originator provides funds for purchase of a house.
Homeowner (syn. homebuyer, borrower, mortgagor)	Borrows money from a financial institution to finance the purchase of a property.
Lender (syn. bank, servicer, mortgagee)	Catchall term for the institution that issues, owns, or services a mortgage. Usually a financial institution (e.g., a bank, wholesale lender) that provides funds for the purchase of a house.
Mortgage broker	An individual or company that works with one or more wholesale lenders to offer a range of mortgage products, not only those of one institution. Mortgage brokerages are not subject to the same federal oversight as depository institutions (e.g., banks).
Underwriter	Person or organization that scrutinizes a homebuyer's financial information and terms of the loan for financial risk and soundness.
Originator	Entity that provides funds for initial home purchase.
Servicer	Organization that accepts mortgage payments, maintains escrow account, and negotiates modifications. May or may not be the same entity as the lender from which the mortgage was obtained.
Secondary mortgage market	Transactions where mortgages are sold to third parties as whole mortgages or as mortgage-backed securities.
Mortgage-backed security	Derivative based on the loan performance of a single mortgage or slices of thousands of mortgages in a pool
Investor	Institution or pool of individuals who own a mortgage in whole or in part as mortgage-backed securities. The investor purchases the debt from the mortgage originator and is the ultimate owner of the mortgage debt (the note).
Government-sponsored enterprises (GSEs; syn. "agency")	Fannie Mae, Freddie Mac, and Ginnie Mae. These government-backed (and, as of 2008, government owned) companies purchase mortgages issued by conventional lenders, mortgage brokers, and government entities (e.g., Veterans Administration and those insured by the Federal Housing Administration).
Private-label security	Mortgage-backed security owned by investors other than the GSEs.

Financializing Mortgages and Too Big to Fail

Around the time my HELOC account was frozen in the spring of 2008, the investment bank Bear Stearns was bought by J.P. Morgan Chase in an emergency buyout, at a price of about $10 per share. Like most investment banks in the early 2000s, Bear Stearns had invested heavily in subprime mortgage-backed securities and was imploding as borrowers defaulted on their loans. “Subprime” nominally means a loan made to someone whose risk criteria are higher than the industry norms, such as a loan made to someone with a credit score of 600 instead of the 620 or 660 required to receive the prevailing market interest rate. As mentioned in chapter 1, investment banks were keen to purchase these loans from mortgage originators who had loosened underwriting standards in order to meet investment demand and had no stake in the underlying quality of the mortgages.

Many of the thousands of new mortgage brokers who entered the field to participate in the boom did not have the experience or training to assess their quality, either. Juanita, a housing counselor in Lansing, worked as a broker for four or five years in the early 2000s. She was recruited by a friend of hers who “brought me there, kinda showed me a little bit and dropped me off and took off, and there you go, there’s your desk, figure it out. And that’s what I did.” Juanita did not close many loans during her time as a broker because she felt uncomfortable with the pressure from her supervisors to originate a high volume of loans and wrap hidden fees into the cost. Her manager would demand to know,

> “‘How many files do you have in your pipeline, what are you closing this month and if you’re not conducting, if you’re not closing, then get out of my office, it’s as simple as that”…If I were to charge the minimum, like $2,000 or $3,000 for a closing, it’s like, “why aren’t you charging them (garbled)—and those are hidden fees, so you don’t see”—I’m like, I can’t do that. That’s going

> to raise their interest up, you know what I mean? It's gonna bump this up or it's gonna… I just couldn't do it.[53]

Thousands of other brokers did originate mortgages like these in order to sell them to investment banks like Bear Stearns, Goldman Sachs, Deutsche Bank, and Citi, and J.P. Morgan to package as private-label mortgage-backed securities.

Where Michigan differs from other high foreclosure states is that, although there was certainly predatory lending contributing to foreclosures, especially in minority communities, joblessness was always a major driver of foreclosures. So although some people I knew had predatory loans, they did not have mortgage trouble only because of predatory lending but also because they lost jobs, hours, or wages. On top of Michigan's long-running recession, the jobs situation was of course worsened by General Motors' bankruptcy in 2009, which led to an estimated 8,800 direct jobs lost in Michigan, not including at suppliers. So while there were unique issues before and during the crisis, those were amplified by the better-known stories of the financial crisis qua mortgage-backed securities and the bank bailout. Yet, the story of the housing crisis cannot be told without discussing the key role of reckless mortgage lending, mortgage-backed securities, and bank bailout that plummeted the US economy into the worst recession since the Great Depression.

Outside of their disempowered risk officers, investment banks had little interest in scrutinizing the mortgages—because doing so would decrease their share of what was nearly a $3 trillion market at the height of the bubble.[54] A collateralized mortgage

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[53] Interview, Juanita, October 6, 2010, Okemos, Michigan.

[54] Ho notes banks' contradictory practices about risk: "While touting (even selling) their risk-management capabilities, most investment banks do not heed their own cautions or

obligation (CMO) is composed of thousands of mortgages; investors buy portions of this "pool" of mortgages.[55] Securitizing loans in this way is useful for banks because, as opposed to a portfolio loan, the bank recoups the total amount lent immediately rather than over the 30-year life of the loan. Securitization gives lenders more liquidity (cash resources) to make more loans and the mortgage-backed securities offer a steady stream of income to investors in the pool of mortgages as borrowers repay them. As has been well rehearsed in the financial media by now, a pool of mortgage-backed securities is divided up into tranches (tiers) based on calculations of the risk that the homeowners attached to the mortgages underlying the security will default on their loans. Riskier tranches have a higher proportion of high interest rate loans, which for at least two reasons decrease the chances that investors will get a steady stream of income. First, people with high interest rates are more likely to refinance if interest rates go down, meaning they will "pre-pay" the loan before its (for example) 30-year maturity date. Second, those with high interest rates are likely to receive them because underwriters perceive them as less likely to maintain their payments in the first place—that is, more likely to default (and less likely to qualify for refinancing). In a CMO, riskier tranches of the pool offer higher financial rewards—because the chances of default (that is, of getting nothing) are also higher. Freddie Mac created the CMO and first sold them in 1983 but the market for them picked up after financial deregulation made it possible for more investors to enter this market (Immergluck 2009). The most common investors are still the GSEs. Fannie Mae (the

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recommendations, as deal making and demonstrating market vanguard status are more highly valued" (Ho 2009:349-350, fn. 8).

[55] Other types of mortgage-backed securities, such as "pass-through securities" are also composed of pools but are not differentiated by level of risk.

Federal National Mortgage Association) was created in 1938 to buy FHA-insured loans from lenders. It was privatized in the late 1960s, but retained a public service mandate to serve all communities at all times, and an implicit government guarantee. Freddie Mac (Federal Home Loan Mortgage Corporation) was chartered in 1970, at which point the GSEs began selling mortgage-backed securities. Although the GSEs controlled more than half the market in the 1990s, at the height of the housing bubble, just over one-third of loans were sold to the GSEs.[56] The remainder was largely sold to other investors, via and to investment banks like Bear Stearns, Goldman Sachs, and others, as private-label securities. These loans did not have to meet the underwriting criteria established by the GSEs—low or "no documentation" loans are more common in private-label securities. Housing counselors I worked with explained that private investors were usually attached to subprime loans, an issue to which I return below.

At the height of the housing bubble in the mid-2000s, the average new mortgage was likelier than an older mortgage to be given to a borrower with a higher level of debt—making it harder for her to pay back the loan—and may have been given without much supporting documentation of her income or ability to pay (e.g., HUD 2010; Haughwout et al 2011). Wall Street brokers designed mortgage-backed securities that pooled together thousands of these marginal loans—often aggressively marketed by brokerages like the one Juanita worked for—and argued that by bundling thousands of risky loans together, the whole bundle was more stable than its constituent parts (Tett 2009; cf. Lewis 2009). The claim that thousands of risky mortgages are more stable than a single risky mortgage

[56] http://www.nationalmortgagenews.com/nmn_features/gses-gnmas-only-game-in-town-1025646-1.html

implies a level of abstraction and fetishism that defies the assertion that financial experts believe that "derivatives are the sum of their formal properties" (LiPuma and Lee 2004: 154).

For the MBS and other securities markets, three major ratings agencies (Moody's, Standard & Poor's, and Fitch Ratings) are tasked with evaluating the risk inherent in an offering. A major flaw in the financial architecture was that securities issuers, rather than buyers, paid the ratings agencies for their work, creating an incentive for the ratings agencies to rubber-stamp MBS pools with the highest rating (AAA) in order to keep their market share. In practice, this allowed investment banks to issue trillions of dollars of bad debts to other banks and bank holding companies, pension and insurance funds, and the GSEs. Investment banks escalated the complexity of instruments to further hedge against the risk of their MBS, creating pools composed of slices of other pools, credit default swaps (CDS; insurance against losses), and synthetic CDS, that is a CDS divorced from any underlying asset. Ho's (2009) investment banker informants were proud of how "we are so much smarter than the folks in risk management and audit" because whereas traditional risk management would counsel banks to move money away from risky deals (costing the institution possible profit), traders managed risk by selling it (Ho 2009:322).

By offering these investments as collateral on further trades, the largest investment banks at the height of the bubble were leveraged $40 to $1. That is, for every $40 of debt they held, they had only $1 of cash. Therefore, when mortgagers started defaulting, investment banks lost income (liquidity), the ability to pay their current debt service obligations, and the collateral they had posted began to other institutions began to appear worthless. By March 2008, Bear Stearns had so many losses from its MBS assets, it was literally out of liquidity for the trading day Friday, March 14. The Federal Reserve negotiated a deal with J.P. Morgan Chase wherein the Fed purchased $29.97 billion of non-performing assets from Bear—mainly MBS and other hedges from Bear's mortgage trading desk—while J.P. Morgan Chase bought the remainder of Bear for $10 per share. Because Bear had such a large volume of assets and its trades were so heavily tied up in the operations of other banks, Fed officials felt justified in calling the circumstances "unusual and exigent," as required to activate its extraordinary lending powers under section 13(3) of the Federal Reserve Act (FCIC 2011).

Since the 1980s, federal regulators have chosen interventions that avoid systemic risk rather than imposing market discipline on failing institutions (FDIC 1997).[57] Although Too Big to Fail (TBTF) is indelibly tied to the collapse of 2008, the concept was prefigured in the "essentiality" clause of the 1950 FDIC reforms. Prior to 1950, the FDIC had two options to respond to a failing bank: either to find another bank to buy the failing institution and assume its assets and liabilities—as JP Morgan Chase did with Bear—or to pay off the insured depositors with its insurance funds. The 1950 reform offered the FDIC a third option, "open bank assistance," which allows the agency to increase its lending to a struggling institution. Intellectually, this is another variant of the argument posed about systemic risk—that if one bank fails, it is so connected to other banks it will precipitate a waterfall of failures. The FDIC may invoke the essentiality clause if the agency deems the bank's functions to be economically vital to the community. Essentiality exceptions must be

[57] In contrast, developing countries who are more indebted to foreign lenders, especially the International Monetary Fund, have been forced to accept market discipline via structural adjustment packages that require domestic reforms such as cutting public services and privatizing resources as conditions for receiving IMF rescue funds to continue servicing their debts.

approved by two-thirds of the FDIC and Federal Reserve Boards with final approval from the Secretary of the Treasury, in consultation with the president (FDIC 1997).

The FDIC first invoked the essentiality clause until 1984 when it provided open-bank assistance to Continental Illinois National Bank and Trust Company, at the time the seventh-largest bank in the country. In key ways, the Continental Illinois presaged the design of the 2008 Troubled Assets Relief Program (TARP), discussed below. Continental Illinois had been a long-standing and stable bank that took on tremendous risky debts in the real estate and developing country debt markets in the late 1970s (FDIC 1997). The most controversial part of the rescue package put together by the FDIC was that the agency purchased $4.5 billion of Continental Illinois' non-performing loans, giving the federal government an 80 percent ownership stake in the salvaged bank, which at the time critics blasted as "nationalization" (FDIC 1997). In its analysis of Continental Illinois, the FDIC concluded that nothing other than purchasing bad loans was unprecedented: what made that bailout controversial was the acquisition of private assets with federal funds. What the Continental Illinois bailout did, though, was make explicit the government's guarantee of big banks—in its wake, the Comptroller of the Currency stated that the government could not let the largest 11 financial institutions fail. Prior to that, financial institutions had been less sure of how the government would respond to large-bank failures.

TBTF exemplifies the conflicted complicity of state with market. Because while TBTF ultimately, of course, protects financial institutions, it is a policy borne of the government's coexisting desires to protect markets in service of the greater wellbeing, echoing Wendy Brown's (2003) assertion that under neoliberalism, "the health and growth of the economy are *the* basis of state legitimacy." In one sense, TBTF attempts to fuse the state, the market, and the public by literally investing taxpayers in the health of financial institutions. TBTF also, however, exemplifies substantial mistrust in market actors' calculative capacity to "distinguish between viable and nonviable banks" (FDIC 1997:45) in moments of crisis. The existence of TBTF attests to the philosophical tension between market discipline and systemic risk. On one hand, market discipline would require that banks suffer the consequences of their overly risky lending. The inherent danger in that approach is that many of the institutions were so highly leveraged that they did not have capital to cover their debts coming due and would cause other institutions (the counterparties to their debts) to fail. Federal regulators have long recognized the tension between their simultaneous commitments to market discipline and avoiding the collateral economic damage posed by systemic risk. Usually, these risks have been framed not only as the failure of financial institutions but through the possibility that consumers will not be able to draw on credit or even make payments using electronic payment channels on which everyday transactions depend. When justifying the government's intervention in 2008, Federal Reserve chairman Ben Bernanke testified to the House Financial Services Committee, when it first considered (and rejected TARP):

> People are saying, "Wall Street, what does it have to do with me?" That is the way they are thinking about it. Unfortunately, it has a lot to do with them. It will affect their company, it will affect their job, it will affect their economy. That affects their own lives, affects their ability to borrow and to save and to save for retirement and so on" (FCIC 2011:372).

Invocations of the Too Big to Fail doctrine in the financial crisis further demonstrate how far the use of derivatives in the housing boom mutated from their original purpose—no longer hedging risk but exacerbating it. Rather than making risk "socially disembodied and aggregated" (LiPuma and Lee 2004:144) as derivatives designers once believed, the financial crisis shows how spreading around risk does not necessarily lessen it. Instead, spreading around risk implicates more actors, so that although certain actors and systems were to blame, everyone became an unwitting accomplice.

As passed, the Emergency Economic Stabilization Bill of 2008, better known as the bank bailout, authorized the U.S. Treasury Department to spend up to $700 billion ($395 billion of which was actually used) to purchase banks' "toxic assets," primarily failing pools of mortgage-backed securities, under the Troubled Assets Relief Program (TARP). Although far and away the best known program, TARP was only one of two dozen emergency lending measures taken by the federal government in 2008 and early 2009 to stem the systemic effects of the financial crisis. TARP was not even the largest bailout program—that distinction goes to the Federal Reserve's purchase of $1.25 trillion in GSE mortgage-backed securities, followed closely by the FDIC's (unused) willingness to guarantee all senior-level risk on up to $939 billion of bank debts (FCIC 2011). How TARP differs from these myriad other programs is that TARP was explicitly linked to *taxpayer* dollars and had to be authorized by Congress rather than through tweaks to technocratic programs. In its final version, TARP required participating banks to limit executive compensation until they had repaid the funds and "encouraged" the Treasury Secretary and bailed-out lenders to participate in the Bush administration's HOPE for Homeowners foreclosure mitigation program. The authorizing bill specified that all assistance to homeowners should consider the financial value to the taxpayer of modifying the terms of loans in any of the purchased toxic assets. The government then used repaid TARP money to fund its Home Affordable Modification Program (HAMP), discussed below. TARP is more explicitly linked to public welfare than other lending programs but has failed to obtain legitimacy. Regulators' initial framing of the linked problems of the financial crisis and mortgage default seemed to preordain this failure. President Bush's Treasury Secretary, Henry Paulson, former chief executive of Goldman Sachs, "maintained a distinction between 'investing' in troubled financial institutions and 'spending' on distressed homeowners, choosing not to allocate bailout funds for rescue efforts directed toward homeowners" (Fields, Saegert, and Libman 2010:648, citations omitted). At best, defenders of the bailout framed it as a necessary evil to have prevented another Great Depression. To wit, even in Bernanke's advocacy for passing TARP, he prefaced by saying "unfortunately" Wall Street—and the distress its practices were creating in the housing and other economic sectors—has a lot to do with the lives of regular people.

Critics affiliated with the libertarian-influenced Tea Party and anarchist-inspired Occupy Wall Street alike consider the bank bailout evidence of the corruption of the state's claims to moral authority. The Tea Party, funded with large donations from the Koch brothers and fronted at various times by former vice-presidential candidate Sarah Palin, considered the bank bailouts an overreach of big government into the rightful domains of the market. Echoing the contours of Rick Santelli's "rant" on CNBC in February 2009, its objections to the bailout focused on the moral hazard that bailouts rewarded reckless behavior. Rather than the moral hazard argument of federal regulators that they will be coerced into rewarding *banks'* bad behavior, Tea Party critiques of the bailouts are more focused on the mortgage relief provisions and fear that hard-working, responsible people will be "subsidizing the losers' mortgages." When the Tea Party Express came to Lansing in April 2010, its tour bus enumerated the group's demands that the government end the bailouts, reduce the size of government, stop raising taxes, curtail government spending, and abandon government-provided healthcare. A few thousand ralliers came from around the state. Echoing the Tea Party's national framing of the bailout issue as about homeowners' recklessness rather than banks, one sign proclaimed, "The American Dream is not a handout."

Occupy Wall Street—and precursor protest movements ranging from Bail Out the People movement and actions by diverse labor unions—have tended to focus their critiques on the dangers of rewarding banks' recklessness and the state's failure to protect citizens' interests. At the Showdown in Chicago in October 2009, organized by the Bail Out the People movement to coincide with the American Bankers Association annual meeting, large Wild West-styled "Wanted" posters sporting mug shots of bailed out banks' CEOs lined the hotel ballroom where plenary lectures took place. The Showdown was co-organized by the Service Employees International Union and National People's Action, a direct action protest organization of and for low-income city residents founded in 1972. The three-day action included marches on branches of major banks, the conference hotel where the American Bankers Association hosted its business meetings and a "Roaring '20s"-themed cocktail party, plenary lectures from grassroots organizers against predatory lending, and remarks by FDIC Chairwoman Sheila Bair before she went to address the bankers' association. Bair commended the activists for efforts to hold banks accountable, called for the end of the TBTF doctrine, and strongly endorsed the proposal to create a Consumer Finance Protection Agency. The Bail Out the People Movement demanded that banks take actions to save distressed owners' homes and that the federal government break up the Too Big to Fail banks.

In assessing the political economy of the bailout, I am in agreement with housing economist Robert Shiller that "[t]he essential purpose of the bailouts should not be to maintain high values in the housing market, the stock market, or any other speculative market. The essential purpose is to prevent a fundamental loss of economic confidence in our institutions and each other, and to maintain a sense of social justice" (Shiller 2008:111). Despite the contentious politics of the bailout, and some stern rhetoric about banks coming from administration officials (e.g., Bair, Elizabeth Warren, president Obama at times), bank impunity has increased to levels unprecedented since the 1920s. Big banks have become bigger under the Obama administration and no bank executive has been brought to criminal trial for fraud. The failure of the administration to prosecute any bankers for criminal misconduct in the housing bubble contrasts sharply with the 1980s savings and loan crisis, after which hundreds of bank officials were convicted of financial crimes. In September 2012, the director of the criminal division of the Justice Department explained to members of the New York City Bar Association that before deciding to prosecute a corporation, he weighs the "collateral damage" an indictment would pose to the company's shareholders, employees, and the market as a whole:

> I have heard sober predictions that a company or bank might fail if we indict, that innocent employees could lose their jobs, that entire industries may be affected, and even that global markets will feel the effects…Those are the kinds of considerations in white collar crime cases that literally keep me up at night, and which must play a role in responsible enforcement. (Breuer 2012)

When Breuer's remarks were widely publicized in the PBS documentary "The Untouchables" (Smith 2013), Breuer resigned from the criminal division. Breuer's resignation did not signal a fundamental shift in attitude, however. In March 2013, attorney general Eric Holder testified to the Senate Judiciary Committee that

> the size of some of these institutions becomes so large that it does become difficult for us to prosecute them when we are hit with indications that if we do prosecute—if we do bring a criminal charge—it will have a negative impact on the national economy, perhaps even the world economy. I think that is a function of the fact that some of these institutions have become too large. (American Banker 2013)

These admissions of complicity, even when tempered by the admittedly difficult logistics of prosecution or anti-trust activity, have spawned critique from observers, journalists, and certain senators that banks have become "Too Big to Jail."[58] The bailouts have utterly failed their social purpose and only magnified the public's sense of betrayal and alienation.

I argued in chapter 1 that crises are fundamentally about the unknown. As long as institutions remain TBTF, there is no unknown for them. This is not exactly a no-crisis situation, though. The *potential* of crisis must remain immanent in a financial institution's practices—it must be both big enough and risky enough to ensure it will qualify for a bailout. In the next section, I return to the ways these macro dynamics play out in the lives of Michigan homeowners and housing counselors who, through mortgage modification programs, remain in a conflicted, uncertain, but necessary relationship with organs of both the market and the state.

Uncertainty: Lenders Work With You "Like the Brick Wall Across the Street"

Mortgage modifications that lower borrowers' monthly payments have become the signature policy response to homeowners' struggles. President Obama's Home Affordable Modification Program (HAMP), which is in turn based a similar FDIC program and the Bush

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[58] For example, Senators Chuck Grassley (R—Iowa), Sherrod Brown (D—Ohio) on the Senate Judiciary Committee, and Elizabeth Warren (D—Massachusetts) on the Senate Banking Committee have critiqued the continuing policy of TBTF in committee hearings in February and March 2013.

administration's HOPE for Homeowners program, began accepting applications in June 2009.[59] The concern in both the FDIC and HAMP programs was to set industry-wide benchmarks and instructions for how to structure loan modifications that offered homeowners lower payments. In contrast, traditional loss mitigation programs had raised monthly payments and total balances: servicers tended to add the arrears and fees to the end of the loan, raising its total cost. HAMP aims to reduce a homeowner's mortgage payment to no more than 31% of the household's gross income, usually through interest rate reductions or, much less often, reducing the principal owed on the loan. Interest rates can be as low as 2% for five years, then increase over time to the current market rate. If a borrower qualifies for the Obama program, the lender can achieve the payment reduction goals either through a refinance (the Home Affordable Refinance Program, HARP) or a loan modification (Home Affordable Modification Program, HAMP).

Widely critiqued as "anemic" and Kafkaesque (SIGTARP 2010; White 2010a; also see Porter 2012; Gans 2011), the program does not legally require lenders to participate unless a loan is owned or guaranteed by Fannie Mae or Freddie Mac, or if an institution is still in debt to the Treasury for its TARP funds. Instead, modifications are voluntary and the Treasury Department pays servicers an incentive for each HAMP application they process. As of May 2012, HAMP has offered just over 1 million permanent modifications, far short of the three to four million projected by the Obama administration. While the program did set up a simple formula for modifications that is premised on reducing payments—instead of

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[59] The FDIC's "mod in a box" program was introduced in November 2008 after its rescue of failing IndyMac bank. Its loan modification procedures emphasized lower interest rates, lengthened loan terms, and, rarely, principal reduction. http://www.fdic.gov/news/news/press/2008/pr08121.html

adding arrearages onto the back end of the loan—it may ultimately be another instance in the federal government's foreclosure prevention initiatives that Fields, Libman, and Saegert argue show a "pattern of repeated inefficacy…[where] Wall Street has consistently trumped Main Street as the beneficiary of government intervention" (2010: 668). The administration continues to tweak the program, expanding eligibility criteria and increasing the incentives paid to servicers to participate.

Servicers pose a number of impediments for homeowners seeking a modification. These include, among others, (1) that it is costly for servicers to put together a modification offer; (2) servicers do not want to offer modifications too liberally for fear that it will incite other people to default on mortgages they can afford (the "moral hazard" problem); (3) that servicers are simply overwhelmed and under-staffed to deal with applications for relief; and (4) that negotiating a modification must be in the financial interest of the loan's investors.[60]

Homeowners' interactions with lenders when they tried to negotiate a reduced mortgage payment strain their loyalty to financial institutions they believed served their interests and, as they negotiated under the auspices of state or federal programs, their loyalty to public institutions as well. Distressed homeowners described banks and loan servicers as black boxes they could not penetrate either through reason or endurance. The most persistent feelings expressed by homeowners who were working with their lenders and a housing counselor were uncertainty and frustration. Homeowners reported that

[60] There were also potential legal problems with securitized loans that inhibit servicers from acting—that is, a modification would privilege one set of investors at the expense of another set of investors, opening the servicer up for lawsuits from the losing investors (Immergluck 2009). Because of the scale of foreclosures and general acceptance of the loan modification model, this has not proved to be a serious barrier.

before coming to a housing counseling agency, they often called their lender several times a week or even every day to ask for reduced payments, a repayment plan, or to check on the status of their request. By the time homeowners even began negotiating with their lenders, they were often many months behind—often because lenders would not consider helping them until they were at least three months delinquent, initiating a dangerous game that also began the foreclosure proceeding clock.

When I was researching foreclosure intervention in 2009 and 2010, one of homeowners' most frequent complaint was that they could talk to the same person twice. Very few of the workers supplied their last names to callers, nor did they have direct phone lines. To homeowners, this meant retelling their story over and over to anonymous that could promise them options that did not exist, could not be enforced, or that would not be followed up. To distressed homeowners, these interactions seemed exquisitely attuned to avoiding accountability. They epitomized a bureaucratic "rule by nobody" (Arendt 1970) and the "weirdly agentless" progression of financial crisis seemingly without and sometimes against human agency (Crosthwaite 2012).

Odell was among the most precise homeowners to explain the automaton-like representatives at his mortgage servicer. He had an adjustable-rate loan with a payment that had increased $252 (39 percent) over the course of a couple of years. He was still working in pest control but was trying to meet his payments on a reduced number of hours; coupled with the increased payment, he had fallen behind on his mortgage. Odell was African American and, after coming to the counseling agency, he learned that his loan was classified as predatory. Odell described to me what it was like calling his lender before he came to the counseling agency: "Every time I tried to contact them, tell them I couldn't afford it, they said, we'll send you a packet. So I'd fill out the packet and all the paperwork that they wanted; send it back." The packet he referred to was a loss mitigation packet, the set of forms and financial documents homeowners submit to qualify for options like a forbearance or modification. Most often, loss mitigation packets require proof of one's finances, including pay stubs and old tax returns, to prove a current inability to pay. Homeowners often have to write a hardship letter detailing in narrative form the reason for their mortgage difficulty and sometimes swear a legal affidavit attesting to the truth of their hardship claim. Having dealt with the packet:

> Then it was hard to get a hold of the person that's holding your file. They'll tell you one thing then you do it. Then they'll tell you another thing and you do it. And then you'll weeks—three, four weeks—without even hearing from them. Before you know it, you're falling farther and farther behind so you call 'em and you talk to them and they tell you the exact same things over and over and over. Just like I just got another packet from them and they want me to fill it out and send it back. I don't get nowhere with them!

This period after loss mitigation documents are submitted was one of the most obtuse and maddening portions of the housing crisis. Homeowners I met during this research consistently reported that, whether working on their own or with a housing counselor, one of the most frustrating aspects was having to submit their loss mitigation information, which includes personally-identified and sensitive information—Social Security numbers, bank account numbers, loan numbers, tax filings—over and over. In 2010, these problems were rampant, showing up not only with homeowners and counselors I knew in Michigan, but in media accounts, academic research (Fields, Libman, and Saegert 2010), government oversight reports (e.g., SIGTARP 2010), and the National Mortgage Settlement between the five largest servicers and state attorneys general.

When working on their own, the only recourse homeowners have is to continue calling the servicer back. As Odell explains:

> I've been calling them twice a month and I get the same stuff. And they just sent me another packet with the same information that they've been sending me. And I can fill it out and give it right back to them and I will not hear anything from them. They say you've got to wait to be assigned to someone.[61]

The "someone" to whom he referred is a negotiator who works in a mortgage servicer's loss mitigation department. Negotiators have specialized training in loss mitigation options, which include forbearances and loan modifications (which I discuss further in the next chapter). Because of their training, their labor is more expensive than customer service representatives; the greater expense of loss mitigation staff may be one reason that loss mitigation departments have remained woefully understaffed during the crisis.

At an outreach event for homeowners sponsored by the HOPE NOW alliance in September 2010, a negotiator for a major mortgage servicer told me that most negotiators had caseloads of 150-200 homeowners seeking loan modifications. At that moment—two weeks before the robo-signing scandal broke—the caseload of 200 was a major improvement over the 300-400 his colleagues had experienced before they began "working through the backlog" in earnest. His understanding of what caused the backlog was not only the high demand from homeowners for mortgage relief, but also that servicers then had to perform full underwriting on HAMP trial modifications.[62] Before June 2010, servicers could process someone for a HAMP trial modification without full documentation or underwriting review, meaning that a homeowner could get a lower temporary payment

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[61] Interview, Odell, July 29, 2010, Lansing, Michigan.
[62] Interview, Chris, September 28, 2010, Grand Rapids, Michigan.

without proving an ability to sustain that payment over the long term. This was one factor contributing to the very low rate of trial modifications being converted to permanent modifications during HAMP's first year.

In October 2010, major media outlets revealed that the largest mortgage servicers in the country had been "robo-signing" foreclosure paperwork, instead of having staff independently verify that foreclosure paperwork was accurate and legally sound. Instead, mortgage servicers Ally Financial/GMAC Mortgage, Bank of America, Wells Fargo, JP Morgan Chase, and Citi hired subcontractors that signed off on hundreds or thousands of foreclosure orders per day without verifying key details of the paperwork—for example, that the mortgage servicer had legal standing to foreclose, rightfully owned the debt, that the homeowner was sufficiently behind to be subject to foreclosure, or was not involved in some foreclosure prevention work-out. By October 2010, 49 state attorneys general (all except Oklahoma) had joined a class action lawsuit against the five mortgage servicers for robo-signing and other failures, such as lost paperwork, and long delays and missed deadlines in the loan modification process. The five mortgage servicers settled with the attorneys general in February 2012 for $25 billion. The settlement required $17 billion in direct mortgage relief, though servicers were able to claim credit for modifications they had already offered. Other funds were divided between other mortgage relief, such as $3 billion for refinancing; direct payments to foreclosed homeowners; and funds to the states to conduct consumer protection activities. Foreclosed homeowners were eligible to file a claim for compensation under the national mortgage settlement without having to prove the foreclosure caused financial harm or was specifically flawed; payments might be as high as $2,000, depending on how many of the estimated 750,000 eligible homeowners filed for compensation. Michigan's portion of the attorneys general settlement was $97 million, which was allocated by attorney general Bill Schuette's office as follows:

- $25 million for blight elimination (demolition) with $10 million for Detroit and $15 million the rest of the state;
- $20 million in funds for foreclosure counseling and legal services ($5 million of this for MSU Extension);
- $15 million in homebuyer assistance with special programs for veterans;
- $5 million for the Department of Veterans and Military Affairs to assist military service members who have been affected by foreclosure;
- $13.5 million in foreclosure rescue prosecution and restitution;
- $10 million to the Department of Education for the Achievement Authority;
- $5 million in closing cost assistance to those refinancing under HARP; and
- $3.7 million in housing and community development funding.

When I conducted most of this fieldwork, the foreclosure prevention flaws and robo-signing covered by the attorneys general settlement were rampant and unregulated. The internal dynamics of mortgage servicers were invisible to homeowners petitioning for mortgage modifications. Homeowners' experience with this black box, as Odell described, is that:

> So, meantime you're getting further and further behind and by the time you do speak to somebody, they say there's nothing we can do. That's exactly what they do. …Then you'll call them again. They'll do the same thing again. Or you're going to get voicemail. …It's almost like you get the same people

> telling you the same thing and it's over and over and over. That's...I don't know. I don't know.[63]

The impossibility of reaching a person on the phone or, once reaching a person, the impossibility of that person resolving a homeowner's application seems like "rule by Nobody" (Arendt 1970). When Hannah Arendt describes bureaucracies, she means "the rule of an intricate system of bureaus in which no men, neither one nor the best, neither the few nor the many, can be held responsible, and which could be properly called rule by Nobody…clearly the most tyrannical of all, since there is no one left who could even be asked to answer for what is being done" (1970:38). For Arendt,

> In a fully developed bureaucracy there is nobody left with whom one can argue, to whom one can present grievances, on whom the pressures of power can be exerted. Bureaucracy is the form of government in which everybody is deprived of political freedom, of the power to act; for the rule by Nobody is not no-rule, and where all are equally powerless we have a tyranny without a tyrant (1970:81).

Whereas Arendt is most concerned with the form of the rule by Nobody state—she is concerned with the "nobodies," I build from that concern and add to it the experience of being subject to this Nobody. I also find recent works on anthropology of bureaucracies as a "hope-generating machine" (Nuijten 2003; Hoag 2011) compelling for thinking through homeowners' contorted optimism, evinced in the refrain that "you do what you've got to do."

What Nuijten's (2003) analysis, based on communal land claims in Mexico, suggests is that even though specific bureaucracies were largely ineffective in addressing land claims, citizens' periodic success continually reinforced the idea that "the state" in the abstract could be effective—and therefore citizens invested their hopes in its possibility.

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[63] Interview, Odell, July 29, 2010, Lansing, Michigan.

Likewise, with flawed loan modification processes, distressed homeowners recognized the systemic problems but were too overwhelmed to confront them in an active way, so they complied with a flawed set of processes that they hated and in spite their misgivings. Homeowners' aspirations took a drubbing—through job loss, downward mobility, their good faith efforts to get lower house payments. Yet, they consent over and over to wait through erratic bureaucratic processes on the faith that, if nothing else, that as long as they are waiting, they have not yet been denied. Homeowners' sacrifices may or may not help them out directly but these individual sacrifices were understood to be communal offerings, too: contributing to neighborhood housing values, contributing to the city's tax rolls (or at least not draining them), helping reduce banks' losses, preserve the financial system, and trying to preserve the American Dream.

There is another kind of institutional learning happening through this insecurity that I want to highlight. Anthropologists have long been concerned with un-reifying the state and other institutions (e.g., Trouillot 2001), especially with the Foucauldian turn toward the micro-politics of power but folk narratives largely still attribute agency to an institution en masse—as in, "they" [government, banks, business, corporations] do this [XYZ usually nefarious act] or "are" [ABC undesirable trait]. In spite of the frequency of unsatisfying and routinized calls Odell described above, it was also common for homeowners and housing counselors to learn that these institutions were not, in fact, monolithic.

Daniel and I were having dinner at a diner near his home in South Lansing. Not only was he familiar with the restaurant as a patron but, as a long-time short-order cook, he was intimately familiar with the work at this kind of establishment. I sat facing the counter and line cooks while his seat offered him a view of traffic passing on Cedar Street. Daniel was one of the lowest-income homeowners I interviewed. "The most I ever made in my life was $22,000. That's the most I ever made in my life. I've always considered myself poor. And right now it's [not even] poor, below that. [Just] po'—we can't afford the 'or' from poor—we can't afford it. Just po'."

About ten years prior, Daniel had bought his childhood home from his mother when she entered a nursing home. It was important to him not to have his mother give it to him for $1. Instead, he found honor and dignity in purchasing it from her for its fair market value so he applied for a traditional mortgage.

> From day one I screamed—on day one I walked in there, I told the lady that I wanted a 30-year fixed rate mortgage done. Well, back then the rates were way low—they were like record lows at that time…They kept me outside waiting for months. I know what the bank is about, (garbled). Well, I figured, why are you keeping me outside for months. And so meanwhile…when I got to the table to sign—when they finally did get me to the table to sign the closing, she said, 'well, we've got you an adjustable low-rate mortgage. And you'll do better that way. I'm like, that's not what I want. I told—but at this time they'd kept me out for so many months, I just wanted my mom to get the check cut so her, before she went to leave the world or something, you don't know. It'd been so long…already. I'm going, "oh just sign the papers and I'll deal with this bullshit later," you know.

When he went to the closing, he discovered that the broker had not arranged a traditional, 30-year fixed rate mortgage for him, as he had wanted. But, with his mother entering the nursing home and, frustrated by the delays, he accepted the adjustable rate mortgage they offered him for the sake of expediency. In general, the sales pitch that brokers made to borrowers who were marginally qualified to get adjustable rate loans was that by making their payments, they would build a good credit history and be able to refinance before the payment reset. But they were sold to people who were among the least financially educated of all homeowners, who had neither the ability to refinance, nor perhaps the wherewithal when the time came. Soon, too, came the problem that their houses were no longer worth what they owed and so could not be refinanced even if they did qualify.

I find Daniel's sense that he could "just sign…and deal with this bullshit later" evocative of the contorted optimism described above, as well as his future eagerness, on his counselor's advice, to search for a minimum wage job to keep his house out of foreclosure. After two or three years at his introductory, teaser payment of $418 a month, including taxes and insurance, his payments began to rise, ultimately reaching $712 per month—a 70 percent increase.

When I met Daniel, he had been out of work 18 months since the business he worked for closed. "And on day one I called Citi Mortgage to notify them. And at that time, I was scared stupid. I don't know nothing about unemployment; I ain't been on unemployment since the 70s." Although Daniel contacted his lender when he lost his job, he like most other homeowners who later sought housing counseling, was not able to negotiate a sustainable payment on his own (Jefferson et al 2012; Fields, Libman and Saegert 2010). Like so many other Michigan homeowners, he contacted a housing counseling agency after receiving notice of their services in his 14-day letter. By the time of our interview he had applied for but been denied a loan modification because, at that time, major servicers would not consider unemployment benefits a source of income.[64] I asked him what it was like working with the lender. His posture was relaxed but his voice quick as he flicked his hand up to point across the road. "Like the brick wall across the street." I nodded, expecting that to be the end of his comment—expecting his comment to echo

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[64] At other times in my research, servicers did count unemployment benefits as a source of income but only if a homeowner had at least nine months of benefits left at the time of applying for a modification.

Odell's that his lender is unresponsive and impenetrable. It seemed a fair and conventional analogy. He continued, however:

> Every brick is different, and (garbled) and that one will work with me. The last conversation I had involved them saying to me, don't worry, [you're] not even close to foreclosure. Okay, thank you. Hang up. Next day I go to the mailbox and there was the letter. So don't worry, huh? Okay, thank you. What do you mean don't worry? Why even bother…but that's just the way—I was very shocked to get that letter, very shocked. I was like oh no. This is not good. This is not good. …And every time I talked to them, it's like a brick wall. Every brick is different. So many cracks, it ain't funny.[65]

The building he pointed to was an old institutional building with walls of dark brick. Framing the entrance and windows, some of which were boarded up, were lighter insets of brick and stone. Even within the dark brick, it was possible to see variegations of color once Daniel pointed to them. What I expected to hear when he said "like a brick wall," having heard variations on the theme from hundreds of other homeowners, was that the lender stonewalled him. And while this was an important aspect of relating to lenders, Daniel also points out the nuance that homeowners and housing counselors perceived within these brick walls. In this section, I deal with the dual aspects of Daniel's comment—both of the undifferentiated "brick wall" or stonewalling experience, and of the nuance within lenders.

Daniel learned, as did many other homeowners and housing counselors, that it could matter tremendously which individual you reached at a lender or mortgage servicer. During Daniel's first contact with the lender, a representative offered him lower payments, around $500 per month but Daniel balked. "I'm like, no sir, I don't know how much I'm getting from the whole unemployment thing—I don't know nothing about this. He said, I think you ought to do this. I said, I'm disagreeing, let me call you back in one or two days."

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[65] Interview, Daniel, October 10, 2010, Lansing, Michigan.

Daniel believed that he was being prudent to not commit to a mortgage payment of that size before he knew what income he would receive from unemployment. To him, this was proof of the care he took in meeting his obligations and keeping his word. "The next day I got the letter saying how much [unemployment] I get. Okay, I'm ready to commit; I call him back, and don't get him. Lose the deal…we can't do that. I'm like, what?"

Daniel's expectation, revealed by saying he lost the offer because he did not "get him," was that he had a specific connection to that employee at the bank, and that their negotiation bonded them together through time.[66] It is a schema rooted in the cultural view of homeownership that relies on a view of institutional rationality I argue we should question—a point I return to in the conclusion.

Instead, what Daniel experienced was that the lender works work on resolving the delinquency from multiple angles: collections and foreclosure preparation continue at the same time the loss mitigation department weighs the merits of offering a loan modification. What this "dual track" means is that a homeowner can get a trial modification that lowers their payments. Simultaneously, agents in other departments will be keeping account of how far behind those lower payments put the homeowner. For example, Odell's current mortgage payment was about $900. Supposing he got a trial modification of $700 per month, that would create a shortfall of $200 per month until the lender decided either to recapitalize that amount as principal or forgive the debt. Therefore, someone keeps track that he was (for example) $5,000 behind at the beginning of the modification, then he

[66] It has long been a demand of consumer advocates, including the Michigan Foreclosure Task Force, that banks assign delinquent homeowners a single point of contact to reduce the problems posed by having multiple representatives responding to a homeowner. As of October 2012, the Consumer Finance Protection Bureau had included this provision in its proposed mortgage servicing guidelines. See § 1024.40.

would be $5,200 behind, $5,400 behind, $5,600 behind at the time he would nominally be evaluated for conversion to a permanent modification. These arrears, plus any recalibration of the interest rate, are ongoing actuarial tasks. In a third vein, the lenders' agents will continue to proceed toward foreclosure even as a trial modification is in process, so that if Odell's loan was not modified, the lender would lose no time between denying the modification and repossessing the house.

While the dual track seemed rational for the lender on one hand—it continues to follow its self-perpetuating logic of accounting and progress (cf. Crosthwaite 2012)—it was something I had particular difficulty coming to grips with. How, I wondered, are homeowners supposed to know which person to believe? If different agents at the same entity are suggesting different courses of action, how can one be sure which department or branch trumps another or says something contradictory? How can homeowners trust institutions they feel have acted ineptly and in bad faith up until this point? Once I started posing these questions to myself, it became clear that what was at stake in the handling of mortgage modifications was far beyond concerns about long-term affordability, underwriting, or processing delays. Instead, it became clear that the handling of foreclosures was about the legitimacy of all the institutions caught up in responding to the foreclosure crisis: nonprofits; specific departments of local, state, and federal government; and the courts.[67] Questions of institutional trust and legitimacy weigh heavily in my and other analysts' interpretation of the housing crisis (e.g., Ross 2009; White 2010c). The loss of institutional legitimacy—for lenders and for the federal government, in particular—is to

[67] One could also make the case that others knowledge producers about the housing market also became suspect: the media, real estate industry professionals, and researchers.

blame for the anti-establishment tenor of Great Recession politics and will last far into the future. There may even be a generational effect as, for example, historians argue that experiences of home loss in the Great Depression sparked particular kinds of anxieties and defensive politics in the mid-twentieth century (Sugrue 1996).

Daniel felt that by having asked for time to mull over the modified payment, he lost his connection to an opportunity that, in retrospect, might have helped him preserve the house. But it was Daniel's language that he did not "get him" that belied the belief in doing business with another person. Instead, what probably matters more is the time lag. Readers who have been pressured for any sale (a car, ballroom dance lessons, a gym membership, anything sold on TV) recognize the tried-and-true strategy of the "limited time offer." More than that, though, Daniel's interaction also signals the importance of temporality to finance.

Karen Ho (2009) argues that fluidity, instability, and rapid change are central to the daily ethos of the Wall Street banker. She argues the fluidity of the Wall Street workplace is the template for Wall Street to remake other workplaces in its own image. Mortgage servicing companies very often *are* Wall Street investment banks (or their subsidiaries) so it is easy to recognize how the investment bankers' drive toward the best, up-to-the-minute bargains would penetrate these institutions' mortgage servicing practices. The fact that it matters so much who callers get on the phone at the lender also belies any claim that these are rational-bureaucratic institutions.

For homeowners one of the biggest and most frustrating revelations was that banks' decision-making process was not clear-cut and the departments were not filled with functionaries that perform their jobs in the same way. Instead, mortgage servicers' departments were chaotic and it mattered tremendously who they reached on the other end of the line. The experiences of homeowners facing foreclosure were rife with uncertainty and unpredictability even when—or, more accurately, precisely when—they tried to prevent it. It was a subjective state that differs radically from "the control over the living environment that is linked to positive feelings about life among homeowners" (Fields, Libman, and Saegert 2010:662, citing Rohe, Quercia and Van Zandt 2007).

Financialized Ownership

As described above, homeowners in the current system are no longer in relationships with their bankers, but in relationship—at once singular and infinitely divisible—with *finance*, as portions of their lives are deployed by different agents for different purposes, without their knowledge. In this web of practices, one's banker is just one actor and often playing a bit part. Instead, a mortgage contract now almost always[68] includes—in increasing distance from the borrower—a loan officer or broker, a retail lender, a wholesale lender, a servicer, a securitizer, and an investor(s).

Since their medieval beginnings, mortgages have been a tool for being able to disaggregate things (e.g., property ownership) and re-aggregate them in new ways (Maurer 2006). That is not the surprise here. What has changed is the speed, and scale of disaggregation fueled by financialization. As Randy Martin argues, financialized ownership is

[68] Nine out of 10 mortgages are sold on the secondary market. Most commonly the investor is the Fannie Mae or Freddie Mac; other investors may be the bank itself (a portfolio loan) or private investors—such as individuals or pension funds.

> thoroughly spread around, [such that] far more can partake of the entitlements of others. When one holds a security, the title is to no single thing, but to an aggregate of ownership…Property becomes a general or abstract category when the distinction between the personal and commercial is blurred (Martin 2002:141).

Taking Martin's claim seriously, we can also read mortgage investors as shareholders to homeowners' lives (Inc.). As Ho (2009) argues, the politics of shareholder value have given primacy to investors' interests over any other constituency—in this case, people who live in real homes in real communities in Michigan (and everywhere else).

One of the key refrains that emerged when homeowners applied for loan modifications was the question of "who's the investor." "The investor" means whatever set of institutions and people bought the mortgage outright or, more often, shares of the pool of mortgage-backed securities to which one's loan belongs. When a homeowner is paying her mortgage without difficulty, the investor is invisible and unimportant to daily life. Mortgage default, though, forces these relationships to become visible and negotiated. In mortgage default, the question of the investor matters tremendously at a practical level. And it opens a window into co-existing, sometimes-conflicting modes of ownership—ownership of physical assets and financialized ownership. In spite of general awareness of mortgage-purchasers like Fannie Mae and Freddie Mac or of mortgage-backed securities, Americans including those I met in this project have an abiding attachment to the notion that they are in a direct relationship to their banker—and a fair-dealing one at that. It is not so different from Bill Maurer's (2006) finding that participants in the Islamic mortgage industry were emotionally invested in a type of Islamic mortgage based on profit-and-loss sharing, even though it had never been used in the United States.

Hewing closely to representations I encountered in the field, I argue that mortgage investors are magical, and best exemplify the breakage between the cultural and financialized models of ownership described above: Investors are magical in that they are connected to the occult world of financial technologies (cf. Appadurai 2012), a point I return to below. When homeowners applied for loan modifications, investors only appeared spectrally, as document reams and electronic “investor guidelines” filed with the Securities and Exchange Commission delineating how the pool of mortgage-backed securities was structured, including guidelines for how much flexibility the servicer had to negotiate new terms. As an aside, defining the “best interest” of an investor is its own matter of contention. The constituent actors that make up an investor (a) do not always have interests that conflict with the interests of homeowners; or (b) do not always agree with each other, structured by the different tranches. What investors signify is the breakage because in the space of mortgage modifications, they are specific evidence that cultural model of ownership—of a relationship to a financial institution that confers social capital—no longer obtains. Let me briefly describe each of these aspects in turn.

Housing counselors—like the one helping Daniel apply for a modification—and market participants described the secondary mortgage market to me as the home of the “investor behind the scenes where all the intricacies come into play.”[69] To demystify this market was the charge of a trainer at a five-day workshop I attended with housing counselors from across Michigan in the summer of 2010. The trainer showed us a video, “The Crisis of Credit Visualized” by a multimedia designer, to overview the credit and mortgage markets. The video showed animated stick figures against a green backdrop. In the section called “This is how it works” about the securitization of mortgages, the narrator explained that investors with a glut of cash were looking for new assets in which to sink

[69] Interview, Carolyn, July 29, 2010, Wyandotte, Michigan (via telephone).

their money. Investment banks bundled thousands of mortgages together and, on this pool of mortgages, the investment banker "sics his banker wizards on it to work their financial magic." Out of this puff cloud of magic smoke emerged three tranches (tiers) of mortgage-backed securities with different levels of risk—which the video labels safe, okay, and risky (known in the industry as AAA, AA, and B). Although the video was ostensibly to educate counselors about this market—and though the video's tone and message were a cheeky critique of the housing bubble—in this application, the segment trained counselors to view—and accept—these financial practices as unknowable.[70]

These representations accord with Appadurai's argument that financial derivatives are instantiations of magic, which he considers "coercive and divinatory performative procedures" (2011:527; c.f. Maurer 2002)—a perspective (like commodity fetishism, e.g., LiPuma and Lee 2004) to which I am sympathetic. LiPuma and Lee (2004) argue that scholars should not mistake their "surface appearance" of financial technologies for their true nature, despite financial experts' claim that derivatives represent an underlying reality ("out there"). Their argument echoes others that the economy is a social construction that does not just *represent* reality but is *constituted* by the efforts of theorists and professionals in it (Mitchell 2002, 1998; Callon 2007; MacKenzie and Millo 2003; de Goede 2005; Holmes 2009). Or, in LiPuma and Lee's (2004) words, derivatives are "quasi-performative" (60) in a "sphere of circulation that they simultaneously presuppose and are instrumental in creating" (186). Going beyond the argument for performativity, Appadurai (2011) builds on Weber's work on magic, wherein Weber considered magic the specific cultural barrier to developing the rationality and methodicality required for modern capitalism. In our

[70] I thank Rowenn Kalman for drawing my attention to this point.

social scientific *and* cultural canon, then, magic is (supposed to be) antithetical to how institutions work. Yet, returning to Maurer's (2006) analysis, mortgages are not purely rational but continue to be bound up in supernatural moralities.

When I asked Daniel why he thought his lender acted the way it does, he confirmed this commonsense view about functionaries following a rational, unfeeling logic: "It's an institution…it's just a business…Whether they lose or win, it's just a number…Our guidelines say this. Can't amend it. Can't move it."[71] His own experience of the bank's agents as all being different was an exception to his own definition but not a big enough one to unsettle the premise. In the social science literature, it is rationality and predictability that enable people to trust institutions for transactions where they are at a disadvantage, such as taking out a mortgage or trying to modify its terms (Ross 2009 citing Giddens). (This is why the revelation that lenders purposefully sold customers shady, fatally flawed loans was so shocking to those homeowners I met with predatory loans. I also contend this is the raison d'être for renewed policy interest in financial literacy/education.) In short, rationality is the opposite of magic and it enabled the growth of modern capitalist and state institutions.

I want to shift the analysis of magic away from derivatives' calculative ethos and onto the emotional, cultural, and institutional consequences of this magic as seen through modification programs. To do so, I draw on Veena Das's (2004) work on state power, wherein magic has four salient qualities: First, "magic has consequences that are real...Second, the forces mobilized for performance of magic are not transparent. Third, magical practices are closely aligned to forces of danger because of the combination of

[71] Interview, Daniel, October 8, 2010, Lansing, Michigan.

obscurity and power. Finally, to engage in magic is to place oneself in a position of vulnerability." (2004:226). There is much about mortgage-backed securities (and other financial derivatives) that conform to this definition of magic. Although derivatives are abstractions, they have very real consequences—the stake here, obviously, is losing a house. Being invisible, socially removed, and dense are key to the way derivatives markets work (LiPuma and Lee 2004).

When homeowners like Daniel—and millions of others—seek a modification, it places them in the vulnerable position of tangling with magical powers. Not only are the derivatives behind the bank's walls based on magical models, the loan modification process has additional occult elements, down to proprietary formulas for determining the net present value of a house (Das's point 2). As I argue more fully in the next section, homeowners experience the dangers of this process not only as the threat of losing a house but also of losing an existential anchor, their sanity, or even their lives.[72] They feel the consequences of not entering this realm, though, are even higher—because even though there is much at risk, the modification request might turn out very favorably (Das's points 1 & 3). Although my research focused on the perspectives of homeowners and housing counselors, the calculative practices of lenders also place investors, financial institutions, and the financial system itself at risk. Homeowners' uncertainty about the loan modification process and limited agency to alter the outcome attest to their vulnerability (Das's point 4).

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[72] I also argue that some homeowners experience home loss—either foreclosure or walking away—as spiritually liberating.

In the housing counseling encounter, the "obscurity and power" of investors are their defining features. As Odell's story earlier in this chapter showed, after distressed homeowners submit their packet, the servicer assigns someone in their loss mitigation department to act as a negotiator between the homeowner, servicer, and investor. Homeowners communicated with their servicers usually weekly or sometimes daily when they are seeking a modification. For their part, housing counselors confer with the servicer and attorneys for the foreclosing lender, but never any actor characterized as "the investor" or its representative. The disembodied nature of the investor keeps it distant and unaccountable. It is a hyper-mediated relationship of debt and ownership. The investor only appears in housing counseling through "investor guidelines," many hundreds of pages of documents filed with the Securities and Exchange Commission delineating how the pool of mortgage-backed securities is structured, including guidelines for how much flexibility the servicer has to negotiate new terms. It behooves counselors to learn about different investors—especially the big ones like Fannie Mae, Freddie Mac, Deutsche Bank, Chase—because they have different eligibility criteria. This holds true even if the mortgage servicer is the same and it participates in government programs.

Donna, a retired employee of the state of Michigan, came to the counseling agency after one her friends received a loan modification. These friends lived in the same historically African American neighborhood on the west side of Lansing. As in so many other communities of color, the west side had been targeted by a lot of predatory and subprime lending. Both Donna and her friend's houses had been subject to the same levels of foreclosure and price decline. They had the same national lender and similar mortgage terms. Donna and her friend experienced their housing situations as identical, though

Donna's friend received a modification within a few months of applying for one. As of the last time I heard from Donna, she had been working with a housing counselor nearly two years to obtain a 30-year fixed rate mortgage. Her counselor explained to me that the difference between Donna's case and her friend's was that different investors own the loan.

Mortgage derivatives act as another layer of landscape, one that is laid over but does not perfectly overlap with our own experience of the world around us. Housing counselors learned the most reliable ways of reading the investor landscape—usually looking up the loan number on the website of the Obama administration's modification program or sifting through SEC filings from around the date the loan was originated. The identity of the investor is not disclosed in mortgage closing documents—because of the highly liquid nature of financialization, mortgages may be sold to many different investors over the life of the loan—and sometimes the mortgage servicer does not know its identity (without formal investigation). Therefore the most common ways to talk to their clients about investors is basically like the Wizard of Oz—a great unseen power, a magical force "in the background." The "investor ultimately has to agree, even if [a request] qualifies for HAMP," because it may not be in its best interest.[73]

The authority given to investors in the loan modification process is consistent with a general reading of power relations that privileges creditors over debtors (cf. Peebles 2010). Because investors can reject modifications that qualify for government-sponsored programs, this shows the alignment of the Treasury Department with the financialized model of ownership (which should not surprise us). And shows again, of course, the prevalence of speculative, circulatory capital in contemporary economies. But it also shows

[73] Fieldnotes, April 12, 2010.

the ultimate dependence of the circulatory economy on the real economy—not of deterritorialized, abstract finance and abstract risk, but of its ultimate foundation in real things and places. What I want to suggest, then, is not that the foreclosure crisis introduces something new about the repossession of houses, but rather that financialization has introduced a fundamental shift in the forms and meanings of ownership and belonging. The breach of contract presented by mortgage default also opens a breach in the analytic space to think through the entanglements of finance, the state, and daily life for understanding the unfolding shift in the meanings and substance of citizenship.

It is popular for consumer advocates, scholars and practitioners alike, to call on financial institutions to be more transparent, to let us see behind the brick wall. The assumptions are that what we'd find there are institutions that are either purposefully acting in bad faith or that they are inept. While there is *ample* evidence that both those forces are at work—in predatory lending, robo-signing, stonewalling modifications—I suggest they are an incomplete explanation. Through the cracks opened up by the foreclosure crisis, we see that financial institutions no longer work in the way we (scholars, regular folks) have assumed. Not only has financialization overturned cultural expectations about homeownership, it has also corrupted—in the normal sense as well as in twisted, made illegible—the logic of institutions themselves (again, see Das 2004 and Drexler 2008).

The analytic grip I suggest we get from approaching these institutions as magical is to connect the compelling body of work on financial market actors to the effects of finance "out in the wild." Most ethnographic studies of finance have targeted financial traders, whose daily practices and identities are developed and evaluated with specific reference to the instruments and logics of financial markets (Zaloom 2006; Miyazaki 2006; Hertz 1998; Ho 2005), and the practices that economic experts use to represent the economy in numbers and words (Neiburg 2006; Holmes 2009). Ho (2009) found that Wall Street bankers were not (always) cynically manipulating potential buyers of assets destined to fail but, instead Wall Street bankers get entranced by their own "hype" about clever financial wizardry that can somehow beat the market it itself has created. By taking the analysis of magic in financial markets seriously, I aim to narrow the gap somewhat between arguments that, on one hand, strongly-identified participants in financial markets (traders, analysts, executives) are caught up in magical/religious fervor and that, on the other hand, consumers' interactions with those agencies are simply instances of bad faith or incompetence. Doing so also provides the benefit of complicating the agencies and practices at work in enormously complex, multi-faceted global institutions as expressions of a single institutional agency, even though there is also a lot of evidence of malfeasance (predation, robo-signing, emails admitting that MBS pools were worthless). Understanding financial institutions as having complex, contradictory impulses and as being partially opaque even to themselves, is a more authentic, if not simpler starting point for demanding accountability.

According to a prescient analysis of financial derivatives by LiPuma and Lee (2004), finance endangers the foundations of democracy. They write from a world-systems perspective from which they view global finance as both deterritorialized and inherently Northern. Therefore, they argue that finance's effects on the Global South appear as structural adjustment and other policies of immiseration dictated by anonymous international financiers.

> The democratic state can garner consent for its actions only on the condition that its citizens see consent as legitimately arising from the people, a proposition that is compromised by the perception that the state is organized by, and responsive to, foreign agents and institutions, a perception that seems to assume *an almost occult form* when the external power boasts nothing but an electronic address. (178, my emphasis)

In the Global South, financial crises borne of structural adjustment threaten the working of democracy and therefore the legitimacy of the nation-state as the arbiter of the people's wellbeing. In such cases (e.g., Argentina, Thailand, Mexico), the state's legitimacy is lowered because of its inefficacy, its weakness vis-à-vis external forces.

The U.S. crisis, however, is one not of anonymous and distant financiers but other members of the nation-state—predatory lenders, mainstream financial institutions, investors in the derivatives market, even members of one's faith community or own family (Strom and Greenbaum n.d.).[74] The financial and housing crises since 2007, then, allow for an analysis of what happens when the corruption of democratic practice by finance occurs from within the nation-state by global institutions anchored at home. Borders are not what alienates the public from the interests of financiers. Nor is geographic distance what separates Manhattan from foreclosure-battered places like Lansing, or even Brooklyn. The questions here revolve around the social distance between finance and its instruments. By instruments I do not mean the technical tools created by finance but those places and people instrumental to its wealth creation—the fodder for financial successes.

Issues of state legitimacy are also different in the US financial crisis (and unfolding euro-zone crises) where the financial institutions are anchored at home, part of our

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74 The parents of one of my informants, for example, were defrauded by their grandnephew into taking out a fraudulent mortgage on a house they owned debt-free, which they lost to foreclosure. (Interview, Beth, June 25, 2010, Lansing, Michigan.)

imagined political economic community. While the state sometimes appears effete in comparison to banks—in no small part because of the defunding and disempowerment of its regulatory apparatus—the state also emerges as complicit with banks or uninterested in the public welfare. It is not wholly, then, the state's inefficacy that casts its legitimacy into question but its very will to claim the mantle of safeguarding the citizenry. To the degree the impunity of financial institutions and executives were hidden before by secretive working of derivatives market, the bailout and subsequent failure to prosecute any executives—indeed, the record bonuses of executives after the housing market implosion—lays that impunity bare.

LiPuma and Lee (2004) continue that it is "anonymity, the cloak of distance and complexity, [that] suggests that there is no way for local forms of agency to influence the behavior of global capital markets" (180). People I interviewed—homeowners facing foreclosure and housing counselors who deal with banks all day long, alike—seemed to feel that it is the nakedness of the state's allegiance to capital that makes it impossible to influence the workings of the capital markets. It was not the hiddenness but the bald-faced exposure of these fealties that make people disillusioned and cynical about the prospect of changing the state's relation to finance. Too Big to Fail admits the state's complicity with big capital—not only does it break down the always-amorphous wall between states and markets (c.f. Mitchell 1991), the bailouts are the ultimate proof of the political problem figured as moral hazard. Bailouts give financial institutions impunity for reckless behavior even as their surface relationship may be conflicted by sporadic state prosecutions or calls for oversight—as in the LIBOR rate-fixing scandal and fines to HSBC for money laundering, to name but two post-bailout examples. Homeowners have come to feel that when their interests as citizens conflict with those of financiers, that the government would “actively aid the financial practices that were driving them from their homes and ruining them financially” (Saegert, Fields, and Libman 2009:310). For citizens seeking to understand the state’s “real” allegiances, the bedrock reality of Too Big to Fail is difficult to reconcile with too little, too late penalties for malfeasance, including the attorneys general settlement with mortgage servicers in 2011.

Among the distressed homeowners I came to know, Nate and Wendy were particularly disturbed by what they considered their servicer and investors’ brazen, corrupt relation to the Treasury Department. When I met them at a counseling agency, they had already secured a loan modification from their original servicer, Saxon. Since August 2006, Saxon Capital has been a subsidiary of Morgan Stanley. The investment bank bought this subprime mortgage servicer to "catch up with rivals that have bigger, integrated mortgage businesses" (Ho 2009:319, citing Reuters.com 2006). From Saxon, Wendy and Nate secured a modification that reduced their payment from $1100 to $874.33. This modification seems to have offered them an interest rate of 2%, the lowest rate possible under HAMP. Theoretically, that would have begun a trial modification that would be evaluated for conversion to a permanent one after three months. But on the day they sent in their paperwork and modified payment, they got a letter that Saxon had sold their loan to another servicer, Ocwen. "Oddly,” Nate intoned in mock surprise, “when the first month's modified payment was due, they sold it to Ocwen." Ocwen, too, is owned by Morgan Stanley, which Nate considered a conflict of interest. The company accepted their May and June payments but sent back their July and August ones. When they came to meet with housing counselor Tami in September 2010, Ocwen listed them as 90 days behind, even though they had tried to send in their payment every month. The servicer's attorneys gave them conflicting information about paying—including not to pay anything until the modification acknowledgment comes through. At the same time, they had three statements that each told them to pay a different amount. As Nate and Wendy recounted their conspiracy theory, Tami kept her head bowed over their statements, trying to discern which partial payments, and in what amounts, had been diverted to the escrow account. Her mainstay during her clients' political diatribes was, literally and figuratively, to keep her head down. When Tami had parsed the statements, she raised her large walled eyes from the statements to explain that the couple should not be counted behind because homeowners receive a statutory grace period when their loans are transferred between servicers.

Based on their focus groups with foreclosed homeowners, Fields, Libman, and Saegert (2010) argue that "As mortgages are bought and sold communication becomes confusing and difficult for homeowners because 'You have no idea who you end up with,' suggesting some of the social and psychological implications bound up in the securitization process as well as more practical concerns about navigating loan modifications" (664). Wendy spent a lot of time online looking into the companies—first of all, finding out they're both owned by Morgan Stanley. "I go online and see pages of complaints—all the same thing, [mortgages transferring from] Saxon to Ocwen," she recounted. Nate jumped in, "All Saxon to Ocwen, which are owned by the same company, which is a big scam if you ask me." Clearly having rehearsed this conversation before, Wendy added her take on the corruption at the heart of this sale—and what they consider the illegitimate accounting of them as delinquent. "If Saxon got payment through the government for our modification, now Ocwen's going to get paid for a modification, too."[75]

Wendy and Nate’s immediate problem was with their loan servicer, but the true disturbance for them was the presumed actions of the investment bank Morgan Stanley, owner of both mortgage servicers and one of the highest-volume issuers of mortgage-backed securities. The timing of their mortgage’s sale struck them as an act of base corruption. Each time a mortgage servicer processes an application for a HAMP modification, it is paid an incentive of up to $800 by the Treasury Department. They assumed, therefore, that Morgan Stanley purposefully sold their mortgage to another one of its subsidiaries after being paid for one HAMP modification. Returning to Das’s framework for magic, the cloak-and-dagger agency Nate and Wendy attribute to banks in this episode points to the magical “obscurity and power” of mortgage debt owners/securitizers. The real consequences of this transaction were to put in question the couple’s prior loan modification (also the vulnerability of engaging in magic) and the corruption of bank’s dealings with homeowners and the state—as in, defrauding Treasury for a second HAMP payment.

Nate and Wendy’s suspicion of Morgan Stanley relies on a vision of institutional agency that may not be warranted—there may not be, as they seemed to imply, some backroom operation at Morgan Stanley so finely attuned to the $800 earned from each HAMP application as to time the transfer of mortgages to coincide with that event. Though it could be that some “quant” programmed the system to identify HAMP-processed mortgages for the resale pipeline: revelations about computerized, high-volume trading

[75] Fieldnotes, September 20, 2010.

that exploits minute volatilities in the market certainly indicate that banks have this kind of programming capability if they chose to do so. Frankly, though, I do not know whether banks were purposefully shifting ownership among subsidiaries to extract more fees and neither do homeowners speculating about these trades.

Although homeowners understood banks' underlying motive as pure profit, they were nevertheless aghast at their lack of morality and abuse of public institutions. John and Nicole, whose story appeared in chapter 3, disagreed about the bank's reason for not giving them a definitive answer to their request. Nicole was troubled that, "A bank would rather see you out of that house—to foreclose on you—than work with you. That's so frustrating. I'm like, you'd rather have this house sitting here and getting no money at all for it—" John retorted that lenders, especially theirs (Chase), were in the business of foreclosing on houses rather than modifying loans. Based on a news article he had recently read, he summarized bank's economic incentives: "They get the insurance money on the loan, then they resell the house. That way when they sell the house again, it's all profit again."[76] The insurance is mortgage insurance, whether offered through the Federal Housing Administration or a private mortgage insurer.[77]

In one sense it matters profoundly if, in fact, Morgan Stanley, Citi, and other banks were gaming the HAMP system this way. If so, the only way to restore faith is to prosecute

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[76] Interview, Nicole and John, September 20, 2010, Howell, Michigan.

[77] FHA mortgage insurance is credited with helping millions of homeowners obtain mortgages with low down payments since 1934. FHA insures mortgages to low- and moderate-income homeowners who make as little as a 3.5 percent down payment. Private mortgage insurance is required when a mortgage, not insured by FHA, is at least 80 percent of the purchase price. Many mortgage brokers (including mine) helped borrowers circumvent mortgage insurance by having them obtain a home equity line of credit as a second mortgage.

this malfeasance or change the incentive structure to, for example, tie it to the loan number or other another measure. Another insinuation of Nate and Wendy's experience is that the state is either impotent to prevent or complicit in promoting this bilking through the HAMP program. In another sense, though, the truth-value of either claim is not the point; instead, the point is the radical uncertainty and suspicion that characterized homeowners' every interaction with these institutions.

Distressed homeowners and housing counselors interpreted banks' actions as evidence of a profoundly broken social contract. The professional opinion among housing counselors was that credit markets are deeply important for their clients and society as a whole, yet creditors were undermining everyone's best interests. During her intake appointment with Mary, who was in danger of mortgage default and in deep consumer debt, Tami asked if Mary had tried to lower the interest rate on her credit cards. "Each company will have a hardship department," so Mary should ask for a lower interest rate. "Unfortunately because of the economy, credit cards are changing the way they do business. It's nuts how they treat people and it's going to backfire in the long run."[78] What Tami was advocating was that credit card companies (and other creditors) need not be so punitive toward people but to be more flexible and have more of a social contract with their customers so they will remain loyal.

What homeowners craved was to be able to trust institutions again but the political economy of the bailout made that seem impossible. Most fervently hoped either to keep their current house or buy another in the future. They understood that they were locked into relationships with finance and continued to consent to lopsided bargains. Like many

[78] Fieldnotes, August 9, 2010.

other homeowners I talked to at the counseling agencies, Daniel was willing to lose all his past credibility as a diligent debtor and gamble on long odds that neither the economy nor his servicer would not turn against him again. He hoped the servicer would

> Put whatever you say I am in default to you on the backburner…we'd be starting fresh. I've got all these payments I ever made over all these years, never count. Start fresh today, basically, 'cause all that shit rolls over to interest only. You still owe what the loan is…But I'm willing to consent to that, just to keep it.[79]

Burawoy (1979) wrote one of the seminal pieces on the meanings of consent in the deindustrializing U.S. He argues that workers' participation in the life of the shop does not emerge from an underlying consensus; consent is produced as people engage in the games and rules of the shop floor (82) and that, as a result of their participation in the game, they "then proceed to defend the rules" (93).

As homeowners performed their crisis and financial citizenship, they were compelled to play the game—they do not overtly resist it— but did *not* defend the rules. They nevertheless sought coaches and trainers (e.g., housing counselors, elected officials) to improve their performance in this high-stakes game, strategies to which I turn in the next chapter. In extreme cases, when homeowners felt that lenders have broken or rigged the rules of the social contract against them, they sought other ways out of their entanglement in the web of finance.

Narratives of Moral Order and Visions of Escape

In light of homeowners' experiences of lenders as brick walls—in both senses discussed here—it is easy to understand their feelings of despair when in spite of their best

[79] Interview, Daniel, October 8, 2010, Lansing, Michigan.

efforts (including in some cases an ability to afford the mortgage), they could not affect the outcome of their mortgage delinquency. Borrowing from Crosthwaite (2012), their personal financial crisis had shifted outside of a social relation and into a weirdly agentless phenomenon. Homeowners felt betrayed and angered by banks and other financial institutions they trusted to act in their best interest, or at least to not purposefully harm them in bald pursuit of profit. In this section, I examine the alternative moral stories homeowners and housing counselors generated when lenders have abandoned the social and moral obligations inherent in debt relations (c.f. Mauss 1990; Peebles 2010). Speakers used narratives of walking away, suicide, and redemption to imagine (and sometimes act on) ways out when lenders were not cooperating partners during a difficult time. All together, they are moral stories that relate personal experience with mortgage default to critiques of corporations, government and consumption. Each one represents a way of giving up homeownership through homeowners' agency, albeit of a constrained type.

Walking Away

In 2009 and 2010, housing counselors working on behalf of a homeowner might submit the application and supporting documents three, four, up to six times before the lender acknowledged it (also see White 2010b). Representatives of lenders, such as an attorney I met at a mediation meeting, understood this to be encouraging—there was still hope for a resolution—even if the administration of that possibility was imperfect. As revealed in the national mortgage servicer settlement with attorneys general, these practices were also part of an intentional strategy for servicers to make money through late fees, foreclosure, or by pressuring homeowners into less affordable in-house modifications

(Currier 2012). At one point in my research, Tami shared a rumor with me that the fax number at one of the major national lenders literally went to one central fax machine and from there the print-outs were sorted and distributed. Whether or not the rumor was true, it was a useful metaphor for describing the ineptitude housing counselors encountered. Counselors were used to the delays and silences they find with some of cases they negotiate, even though it frustrated them. They understood that banks had broad discretion in interpreting the eligibility guidelines of any program they participated in. This was especially true for those housing counselors who worked at lenders before coming to "the other end" of the transaction.[80]

Carolyn worked in wholesale lending for 18 years before losing her job as a result of a buy-out in 2007. Her experience with the infrastructure of lending made her

> more tolerant [than other housing counselors] of…what servicers and lenders are going through to try to retool. This is a major, major process to go through internally as far as reporting, reorganizing. No wonder lenders are taking so long in agreeing to participate: the manpower alone, the monies to accomplish this process…Lenders aren't built this way.[81]

Lender departments were under-staffed and over-worked, which may have been a result of the slow process of change Carolyn described or, as other research participants and recent investigations contend, the result of a purposeful strategy to stall negotiating with homeowners—while continuing to collect payments and assign late fees. The result of this stonewalling may be that owners exhaust all their resources or "walk away" from the house. Distressed homeowners described banks and loan servicers as black boxes they

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[80] Some 42% of housing counselors have prior experience as loan officers, mortgage brokers, realtors or financial planners, in no small part because of extensive job losses in those sectors in the bursting of the housing bubble (Jefferson et al 2012).

[81] Interview, Carolyn, July 29, 2010, Wyandotte, Michigan (via telephone).

could not penetrate either through reason or endurance. As a regular presence at the Franklin Street housing counseling agency, I learned that their most persistent feelings were uncertainty and frustration. Homeowners in distress often called their lenders several times a week or even every day to ask for reduced payments, a repayment plan, or to check on the status of their request. Homeowners complained that they could talk to the same person twice, which was especially likely if they were dealing with the customer service department rather than a specialized loss mitigation department (Herbert and Turnham 2010; Fields, Libman, and Saegert 2010). As discussed above, for homeowners, these interactions seemed exquisitely attuned to avoiding accountability. Or, as Saegert, Fields, and Libman put it, they felt "anger at the lack of oversight and accountability for financial institutions while the homeowner [was] constantly harassed to be accountable in multiple ways" (2009:310). Indeed, one of the most frequent refrains I heard answering phone calls at the counseling agency and in interviews was that banks “don’t want to work with people.” Further evidence of this kind of stonewalling can be found in the $25 billion settlement of the five largest mortgage servicers with state attorneys general in early 2012 for lost paperwork, long delays, and missed deadlines in the loan modification process.

Homeowners facing foreclosure recounted the frustrations of dealing with their lenders as evidence of deep personal affront, and a combined incompetence, corruption, and moral depravity of corporations, all adding up to the breakdown of the social order. When I began fieldwork, Elaine, a white woman in her sixties, had already been working with a housing counselor for over a year. Having gotten to know the agency’s staff quite well during this time, she began all her voicemails with a bubbly, “hello, dearies!” Once she called to tell a three-minute tale about her mortgage company FedExing her documents with a 1-900 number that was not the mortgage company but a dating hotline. “Can you imagine?” she hooted. “And then they had to re-FedEx everyone the papers with the real number and an apology letter. How expensive was that?! Just thought you’d want to know that!” Months later I answered her call after she was denied a loan modification. In tears, she said, “I just don’t understand how they can do this…now I understand how people can walk away. I never did before.”[82]

In this kind of walking away, homeowners feel they have been acting in good faith while their lender has not. They become so frustrated by the uncertainty that they give up—or at least consider giving up—negotiations (also see White 2010a). When homeowners, like C.J. and Elaine, feel they have tried every resource available to them, they feel bitter or disillusioned, no longer loyal to the public and financial institutions that made them model homeowner-citizens (c.f. Saegert, Fields and Libman 2009; White 2010b). I suggest that homeowners who walk away under these circumstances do so because they feel lenders have broken the social terms of debt relations. According to a recent review article (Peebles 2010), debts are relationships that, although unequal, are supposed to be mutually beneficial. Creditors give up some of their current assets in exchange for future returns; debtors have the long-term obligation and must repay more than they borrowed, but they get access to resources and opportunities they would not otherwise have. It may be hierarchical but is not entirely one-sided. But when—as in the collections process or denied requests for assistance—creditors are felt to abuse their power, both the creditors and the debts feel illegitimate. Homeowners were then able to consider breaking their promise to pay, even if they do not follow through. For those who tried to salvage their

[82] Fieldnotes, May 17, 2010.

mortgage but failed, this is different than strategic default—where homeowners who can afford their payments walk away because it is in their best financial interest (a question I return to below).

Suicide Stories

C.J., the disabled corrections officer whose story opened this dissertation, confided to me that she felt so depressed by her circumstances she had tried to overdose on her pain medications. Even though she had attempted suicide, she also felt that "I have to look after me now. So wherever that takes me, if it takes me having to give up this house—then that's okay now." Although C.J. was the only person to discuss suicide directly with me, distressed homeowners and housing counselors recounted stories of foreclosure-motivated suicides to demonstrate how distorted banks' morality is—so much that they value money over people's lives. According to the CDC, there is some indication that the recession has caused a small increase in suicides but only one study so far has pointed to home loss as a specific motive (Stack and Wasserman 2007). However, for my argument, the point is not how common foreclosure-motivated suicides are but the broader circulation of *suicide talk* and its use for framing home loss and retention as moral issues.

Homeowners mentioned suicide in litanies about the effects of the foreclosure crisis—along with, for example, reduced municipal tax bases and rising crime in neighborhoods with vacant houses. It was also used a poignant linkage between home and self—that the loss of the home becomes tantamount to the loss of life. In fieldnotes after an early conversation with Ruth, an elderly white widow, I recounted a story she told me about a friend's niece:

> Four days before trying to commit suicide, she found out she had cancer. That same week, her husband—who like her had lost his job before the foreclosure and bankruptcy—filed for divorce and took their little boy with him. She'd slashed her wrists and nearly bled to death.[83]

For this woman, like C.J., foreclosure would have come after a protracted series of losses (c.f. Stack and Wasserman 2007). More than this specific case, though, Ruth made oblique references each time I visited or called her to news stories about unnamed senior citizens killing themselves because of the fear of losing their house, believing they had no other resources or anywhere else to turn. She and her son considered the real estate bust "a sham perpetuated on the American people by the banks and the mortgage companies."[84] Under these circumstances, talk of suicide framed banks as key victimizers of already-vulnerable people.

In suicide stories, the victims were implied to be middle class or of the stable working class, those who are "not accustomed to asking for help." With this class sensibility, perhaps it was actually the fear of becoming homeless that motivated some to take their lives, as suggested by Stack and Wasserman (2007). This is certainly the implication in a California news article about a man who torched his house, murdered his wife, then killed himself:

> The devastating combination of unemployment and a ballooning adjustable-rate mortgage left the 60-year-old Cour and his 70-year-old wife in a very dark place. The five-bedroom house was in foreclosure and the couple was facing eviction. The home that was supposed to provide shelter and security could provide neither. *As far as Cour was concerned, he was out in the cold* (Sign-On San Diego, January 7, 2011; my emphasis).[85]

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[83] Fieldnotes, April 10, 2010.

[84] Ibid.

[85] This family was counseled at a California housing agency where a counselor I interviewed worked before moving to Michigan.

The recurring theme in housing counselors' recollections that "they'll find me in the house" asserts one's identification with the home space.[86] The first client that Juanita—the loan officer turned housing counselor—discussed with me was a woman who "threatens to just hang herself in the house." When I asked if this was isolated or if she had other clients threaten to kill themselves, she responded, "I've had three or four like that." She was far from alone among housing counselors I met in this project. Most counselors I interviewed and with whom I attended a weeklong training had clients threaten to kill themselves, usually specifically mentioning doing it in the house. It was a minority of clients, but a memorable one. Counselors tended to bring up suicidal clients in high-impact conversations—such as early discussions with me, so that I would not miss this fact of the foreclosure crisis, or in public forums like the statewide training. But, for as troubling as it is, Juanita understood suicide talk from clients as:

> It's not just because "oh, my house is in foreclosure, now I'm going to do this"—it's *because of the lenders*. They call them every day and harass them… They can do whatever they want, say whatever they want, harass as much as they want. By the end, [borrowers] cry a river. They throw up their hands. "They can have me in the house if they want." That's when you got to say, look there's better things out there besides this house. By the time you talk to them…I know I'm supposed to be reporting this but I don't think they're really going to do it. By the time you finish talking to them they just feel so much better. You can tell they've got a big smile on their face. These lenders just play so many games, you know.

Juanita differentiated this kind of suicide talk from talk that would indicate a more serious threat, the kind she would report. This talk was not linked to any potential harm but is understood as a kind of habitual speech when homeowners have no other tools to explain

[86] It is also consonant with evidence on home loss and suicide: "Typically suicidal persons committed suicide a few hours before they would have been forced out of their home" (Stack and Wasserman 2007:108).

their frustration. It imagines a final act of dramatic protest. Like homeowners' assertions that they understood why people deface or gut their houses before eviction, suicide just before eviction imagines vengeance on the conscience of the bank's agents and the reassertion of embittered, desperate agency. It is agency "in negative terms—as the power to withhold consent, for example, or to perform their resistance, [or] to withdraw some part of their productive energy from what they see as 'the system'" (Greenhouse 2010:9). In these stories of despair, suicide is imagined as the ultimate form of commentary, a final protest.

There were two strong poles in the ways counselors and homeowners talked about agents of mortgage servicers. On one hand, the delays and conflicting information they encountered led them to talk about banks as disorganized, as having no idea what they are doing. Another way of talking about them was to attribute to them a nefarious agency—namely to decision-makers one can never reach, with the agents they actually speak to usually being pawns in this game-playing. In suicide stories, lenders are ambiguously positioned between these poles. Talk about foreclosure-motivated suicides pointed out the moral gulf around lenders' actions. Further, it inverted the moral hierarchy that portrays homeowners as reckless in order to frame them more thoroughly as victims of the financial system.

Strategic Default and Other Paths to Redemption

To fail to maintain the mortgage debt is to fall outside normal creditor-debtor relations and there is nothing farther from that norm than "strategic default," one of the most widely commented and, to most observers, morally unsettling phenomena of this housing crisis. Strategic default means that a borrower who could afford the monthly mortgage payments chooses to stop paying because the house is undervalued relative to what she or he owes on the mortgage note (is "underwater"). Using data from 2009, White (2010c) argues that even though one-third of homeowners were underwater on their mortgages, the strategic default rate was 3%; mortgage default was much more closely tied to the unemployment rate than the rate of price declines. Much cultural work has been geared to teaching Americans a neoliberal mindset, which is to evaluate their personal decisions with a degree of managerialism and using cost-benefit analysis. Yet policymakers, welfare reformers, and others have long mobilized the discourse of personal responsibility in tandem with this managerialism (also see Immergluck 2009). It was the discourse of personal responsibility and morality that most often held homeowners back from strategic default, even when it might be in their best financial interest (White 2010a, 2010c).

Corporations use strategic default and bankruptcy as common financial tools but homeowners' strategic default seems shocking: it undermines the suite of moral and existential sanctions levied on foreclosed homeowners, especially when defaulters publicly claim their actions do not induce feelings of guilt or shame but that, to the contrary, the feeling is one of liberation. A vocal minority does just that in media outlets, social networks, and support resources (such as the website youwalkaway.com; White 2010b). Whereas media condemnations have framed defaulters as immoral, certain defaulters believed it to be the moral choice to continue providing well for one's family (White 2010b). One family I interviewed in beleaguered Flint was preparing to abandon their house not only because it was worth one-quarter of what they owed, but also because crime had risen in the neighborhood. Michael grew up in Flint and moved back to the area as an adult, bought a house in a neighborhood he aspired to as a child, and opened a business downtown to contribute to the city's revitalization. Because of his and his wife's commitment to the city, they were plagued with guilt over walking away from the mortgage and from the city. However, with an 18-month old son,

> Our get out of jail free card is we heard gunshots. So with friends when they're like, oh, you know, you're leaving your house—we can say we heard gunshots, and they're like, 'okay.'…[T]he hardest part was admitting to people that that's what we were choosing to do.

Further, Michael's wife, Jackie, like other strategic defaulters, believed that walking away corrects the moral imbalance where corporations can "write off losses" (that is, default on loans) with no moral baggage whereas consumers were punished morally and financially for the crisis while the institutions that caused it are not. "There is that point of the banks do strategic foreclosures all the time. Why should we be the ones who get the moral guilt trip to stay in this bad investment basically? If we're gonna ruin our credit and have to rebuild it, let's start it now instead of in another five years when we've sunk that much more money into it"[87] (also see White 2010a, 2010c).

Often, social scientists have assumed that neoliberal philosophy necessarily supports global capital flows, but strategic defaults show a personal neoliberal ethic that does not have to coincide with the larger needs of capital. Chiketa, an African American lawyer who contests evictions and foreclosures, explained this position in a way that combined neoliberal and humanistic ethics. She argued that borrowers need to understand a mortgage as a business transaction, not through the emotional lens consumers have been trained to see it through.

[87] Interviews, Michael and Jackie, September 23, 2010, Flint, Michigan.

> I tell people to just treat it as a business because…I want to press people to do strategic default. Because I feel like we should all take the emotion out of it. It's a contract; this is a business decision that you made. But because people are so emotionally tied to their property and it's not a good bargain.

She argues that homeowners should unravel the central link of the twentieth-century American dream—that buying a house is the material representation of one's dreams:

> [W]hen they sign on the dotted line, it almost becomes their grave… We don't have the ability to just, 'you know what, I'm going to be free and I'm going to pack up and I'm gonna go.'…So then you start accumulating all of these things, trinkets, stuff you don't need. And I think *we become a parasitic consumer versus, say, how much do you really need*? (emphasis added)

In her view, this liberated people to pursue passions and human relationships. Whereas the American dream in large part links fulfillment to consumption, Chiketa inverted this relationship; for her, the monthly payments and inability to move at will hindered one's ability to dream of a different future. Rather than being about fulfillment of desire, consumption mutates into a parasitic force.

In transformation stories, narrators link their material loss with heightened social and moral commitment. About one-quarter of homeowners I interviewed expressed some kind of relief about giving up the house, whether through strategic default, foreclosure, selling it, or deeding it back to the bank; housing counselors echoed these sentiments when talking about their clients. These expressions ranged from C.J.'s simple acknowledgment that she will be fine if she has to leave the house to professions that the economic strain is good for the family because it reminds them to "reprioritiz[e] what's important."[88] The narrators contrasted their own social and moral commitments—to their families, to building society, to pursuing a good and non-materialistic life—to the crass drive for profit

[88] Interview, Trisha, September 30, 2010, Adrian, Michigan.

on the part of banks and contest the moral double standard applied to consumers and businesses. Home loss-as-epiphany also gives an interesting mirror to Margaret Talbot's treatment of debt porn as I encountered it in Brett Williams' work (2004:51-52). Talbot criticizes the narrative arc about consumer debt: from temptation to a downward spiral of addiction, then through the language of recovery. This narrative, usually applied to lower income and people of color, gives middle- and upper class, often white, observers a smug sense of superiority (ibid.). It implies that there is a small number of people, a "they," that is addicted to debt and consumption while there is a "we" reader that is above those attachments. Unlike debt porn, the transformed homeowners are not saying that there were a few people who are addicted to debt while most are not; instead, they argued that they were among the few to escape from the cultural addiction to debt and materialism. While they ultimately depended on finding enough resources to rebound, home-loss-as-epiphany allowed middle- and working-class people talk back against the usual hierarchies of debt and morality.

Walking away, suicide stories, and the emotional freedom found in giving up a house are ways to search for the meaning and reduce the pain of the foreclosure crisis for homeowners. They simultaneously absorb blame and challenge dominant narratives that moralize against homeowners, by depicting the crisis as one manufactured and made worse by the actions of banks. These narratives are attempts to reclaim homeowners' agency, a sense of meaning and of possibility; ultimately, though, they underscore distressed homeowners' suffering and lenders' intractability. This is not to say that housing professionals and homeowners did not recognize the complexity and constraints for banks to handle unprecedented numbers of mortgage delinquencies and foreclosures. However, revelations such as those in the 2012 attorneys' general settlement show that while some of the ineptitude may have been real, some was feigned in the service of minimizing banks' losses—that is, shifting those losses onto American families, neighborhoods and communities. At the ground level, homeowners' and housing professionals' narratives experimented with the moral order in ways that became viable when banks lost credibility as social actors. Macro-level and policy responses have largely failed to meet the anxieties of home loss discussed in this chapter, widening a gap between lived experience of this crisis and the dominant institutions of finance, as discussed here, and the state, to which I turn in the next chapter.

Chapter 5: Foreclosure Intervention: State Power in the Great Recession

Before the robo-signing scandal broke, mainstream media largely characterized defaulting homeowners as either greedy individuals speculating on their homes as investments, as ignorant people who deserve to be foreclosed for agreeing to a mortgage they did not understand, or as freeloaders looking for a handout in the form of a loan modification—none of which is a particularly appealing position to identify with (Maskovsky 2010). Media outlets, through stories and comments on them,[89] have been sites for writers and readers to debate the morality of both borrowers and financial institutions. A common theme reflected moral disgust with the programs' intended beneficiaries: "Where do these people get this sense of entitlement?" (Lansing State Journal, 10 October 2010). A reader posted this in reference to Tyson, a white man in his late-30s who had been unemployed since December 2008. I knew Tyson and his wife Beth fairly well by the time this article was published, after meeting them at a counseling agency. He was laid off from his job as a programmer at General Motors after he completed a bachelor's degree online. Tyson and Beth disagreed about what kind of job he should be pursuing. Should he look for relevant jobs in his field in order to stay marketable? Or should he, as Beth argued, accept *any* job so he could contribute income when his long-term unemployment benefits ran out? He was one of the more than 5 million Americans classified as long-term unemployed during this recession (Ilg 2010). The tone of disgust

[89] Bird (2010) argues that anthropologists have been reluctant to acknowledge the pivotal role of journalism in framing narratives about current social issues. I consider the comment threads on news articles sites for producing knowledge and public discourse, while recognizing their idiosyncrasies in terms of access and the motivations of those who participate.

deployed against homeowners like Tyson seeking loan modifications speaks to observers' discomfort with the evident challenge they pose to the American moral order of homeownership, upward mobility, and middle class sensibilities. In her seminal analysis of American land use, Perin writes that there is a culturally accepted progression of tenure from renting to owning. Using Van Gannep's stages of ritual, she argues that renters are a transitional category and therefore dangerous because they "have the power to redefine those now safe back to an unsettled status, no longer one that can be taken for granted" (1977:54-55). More than renters in a majority owner-occupied neighborhood, owners facing foreclosure threaten the stability of the ownership category for all. They present a visible and real danger of slipping back against the culturally sanctioned progression from renting to owning.

Foreclosure prevention programs aim to interrupt this "regression" from owning to renting but they have been plagued by a public discourse fixated on moral hazard (White 2010a:43-50; Fields, Libman, and Saegert 2010:674). In economics, moral hazard is the threat that people will take more risks than they would have otherwise if they have insurance or, in the case of the housing bust, a government bailout. Homeowners like Tyson were the target of comments about recklessness and entitlement because they signified the moral hazard posed by loan modification programs. Moral hazard then became a way to enforce moral order. The effect of this economic commonsense was to leave intact the discourse of personal responsibility and narrow the room for systemic responsibility and solutions. It was against this backdrop that homeowners, housing counselors, and activists engaged in their foreclosure intervention projects I discuss in this chapter. Whereas chapter 4 discussed the muddying of boundaries between finance and the state, in this chapter I discuss the overlapping missions and zones of authority between certain state agencies and non-profit housing counseling agencies, and in different state functions. This chapter is divided into three sections: first, a discussion of homeowners' total help-seeking behaviors, with particular emphasis on the ways they sought out state assistance. Second, I examine housing counseling, which is, in conjunction with loan modification programs, a signature strategy for governing the foreclosure crisis. Lastly, I present a case study of one family's foreclosure to highlight the limits and tensions in property law, and the state's allegiances and authority.

Betwixt and Between State Power

"Turning Everywhere"

Every homeowner I interviewed was relying on, or had sought help from, multiple public and private resources, conveying the sense that they were "turning everywhere, getting nowhere" (Fields, Libman, and Saegert 2010). For those homeowners I interviewed and got to know through their housing counseling encounter, I have reconstructed the timing of their help-seeking activities; the range of supportive resources is shown in Table 5. In coding homeowners' range of strategies, I included not only direct appeals for housing assistance (as in, to mortgage rescue companies or counseling agencies), but also programs that would ameliorate the root economic distress that caused them to get behind. My choice parallels Fields, Libman, and Saegert's (2010) finding that foreclosed homeowners had two foci in their home-saving strategies: First was to address the financial shortfall directly through earning more money, budgeting more tightly, drawing on personal and social resources (e.g., welfare office, emergency rescue funds, churches, family). Second, distressed homeowners sought to manage debt and prevent foreclosure, drawing on lenders, nonprofit housing agencies, and social welfare agencies—however, many times their means exceeded the eligibility requirements. And as Table 5 shows, my informants, too, had to navigate a "web of options" that included the eager—and often more responsive—work of predators' loan rescue scams and legitimate help from nonprofits, all while avoiding help-seeking burnout. It is also clear that housing counseling is only one myriad resources in homeowners' broader help-seeking efforts.

Most people I interviewed first sought help from their lenders and from family and friends, a finding echoed in other research (cf. Freddie Mac and Roper Public Affairs 2007; Fields, Libman, and Saegert 2010). But, failing those, government resources proved to be the bulwark for many people in a housing crisis. This reliance on public programs held true across political affiliation, race/ethnicity, and gender. Nicole, a Republican-leaning political independent, worked for the federal Head Start program. For her job, she helped Head Start-eligible families apply for public benefits. Perhaps because of her professional knowledge of public assistance programs, her family drew on more types of state aid than any other homeowners I interviewed. Aside from Nicole's two part-time jobs (for Head Start and as a hair stylist) and John's two part-time jobs, their largest resources were unemployment insurance for John, state health insurance and free lunches at school for their two sons, and Temporary Assistance for Needy Families (TANF, i.e., welfare).[90]

Over and over, my informants bounced back and forth from a community or private source back to a public agency—as in approaching the lender or a foreclosure rescue

[90] John had also been on leave from work with job protection under the Family and Medical Leave Act (FMLA). They filed chapter 7 bankruptcy to discharge debts and sought mortgage relief through HAMP.

company and then going to the attorney general or an elected official. Yet, it is crucial to note that in the early year of the housing crisis, the steps that homeowners took and the order in which they took them had little bearing on their ultimate housing outcome. Among their 88 foreclosed focus group participants, Fields, Libman, and Saegert (2010) did not find a pattern between the steps homeowners or housing professionals took and the outcomes homeowners received. There were, moreover, no clear steps or clear procedure when they collected their data in 2006 that homeowners should follow to resolve delinquency. As I discuss in more detail in the second section of this chapter, several interventions by 2009 attempted, but largely failed, to standardize procedures for foreclosure prevention.

Table 5. Help-Seeking by Homeowners Facing Foreclosure

Government resource	Non-governmental resource
Unemployment insurance	Mortgage lender or servicer
Worker retraining program	Housing counseling agency
Attorney general	For-profit mortgage rescue company
Township government	Lawyers: privately retained and legal aid
Courts: circuit, appellate, and bankruptcy	Newspaper (seeking publicity for their cases)
Food stamps	Food bank
Social Security retirement	Mobile home park company (i.e., land owner)
Social Security disability	Church
Family Medical Leave	Social service and community action programs
Medicaid	Realtor
Medicare	Websites
State children's health insurance program	Direct action activism
School free lunch program	
HAMP	
Workers' compensation	
Family Independence Agency (e.g., welfare, TANF)	
County Treasurer	
Governor's office	
U.S. Congress representative	
FBI	
HUD	

Homeowners sought guidance and intervention from elected officials and law enforcement, particularly in cases of fraud and abuse. Nikki, a Detroit real estate agent, had tried to work out a resolution for her mother's mortgage with Countrywide, the largest subprime lender in the country before Bank of America bought it. Although her mother fell behind on her rising mortgage payments after an injury requiring several surgeries, the family had the resources to pay: "we could come up with money and they didn't want it." Besides contacting the local television stations, Nikki "even wrote [U.S. Speaker of the House] Nancy Pelosi—just whatever would work. Contacting senators, congressmen—whoever would listen. Unfortunately the one that was over our district [was] not willing to do anything to help us at that time." Political offices told her, "It's not a matter that they could get involved in. That was awful. And of course they recanted that later," after she found an ally in Michigan state senator Hansen Clark who "did what he could—made a few phone calls and things of that nature."[91] The most important connection Clark made for Nikki was to the Moratorium NOW! coalition in Detroit, which combines legal challenges with direct action, especially demonstrations at banks and mortgagors' homes. Clark's referral of Nikki to community resources echoes the training provided by the Michigan Foreclosure Task Force to state legislators. At one of the legislature's "lunch and learn" events in February 2010, the Michigan Foreclosure Task Force and counseling agency staff from western Michigan taught approximately 100 legislative staff members about the basic trends in foreclosures, its causes, and about the promises and difficulties of the 90-day law and HAMP. In addition to equipping staff with basic tips for homeowners—"open any mail

[91] Interview, Nikki, October 20, 2010, Detroit, Michigan.

from your lender, be proactive"—the task force was compiling a list of housing counseling agencies serving each Congressional district, to give staffers a quick referral source.

Phone calls to elected officials and law enforcement yielded uneven results, however. As with loan modifications, clear-cut cases of predatory lending and abuse enabled more direct recourse than more complex instances of fraud. Andre, a Hispanic autoworker who was laid off in 2006, paid $1500 to U.S. Mortgage Funding to help him obtain a loan modification. He believed they were a credible operation. "They had a good rating on the Better Business Bureau. They've changed their ways, apparently." To his dismay, the modification the company promised to get him was not permanent and his house was scheduled for a sheriff sale by the time I met him at Franklin Street. Andre demanded a refund and complained to the attorney general's office about U.S. Mortgage Funding. When he informed the company of his pending complaint, U.S. Mortgage Funding told him they could not refund his money and stopped taking his phone calls. Rather than creating leverage for him, Andre's recruitment of law enforcement thwarted his effort for restitution.[92] Since then, U.S. Mortgage Funding has been sued by the Federal Trade Commission as part of its "crackdown on scams that target homeowners who are behind on their mortgages or facing foreclosure."[93]

Ruth, too, found her efforts to interest state officials in her case futile. This 83-year old white woman had been avidly contacting state officials for two years before I met her and her son. With the three of us sitting at Ruth's dining room table in the spring of 2010,

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[92] Interview, Andre, September 9, 2010, East Lansing, Michigan.

[93] Federal Trade Commission. "FTC Action Leads to Ban on Alleged Mortgage Relief Scammers Who Harmed Thousands of Consumers." http://www.ftc.gov/opa/2012/02/usmortgage.shtm. Accessed March 30, 2013.

Sid explained hat, "[M]om and myself tried to reach the governor's office. Well, I guess they give you a lot of lip service, but…the governor's office was saying, well, we'll get back to you and months go by and they wouldn't respond." They were distressed by politicians' seeming disinterest or ignorance of their case because they believed it to symbolize the worst kinds of predation in the housing bubble—mortgage fraud against a senior citizen who had invested in the real estate market to earn a livelihood after being widowed, while simultaneously providing decent housing to other members of her community. Ruth had bought three investment properties in her city southeast of Lansing and took out mortgages on each, plus her own then paid-off home, through a mortgage broker who was subsequently of interest to the FBI. The broker qualified her for the mortgages by exaggerating her income. Although she believed she was getting fixed-rate mortgages at 8.5 percent interest, after the servicing was sold for the second time, her payment increased $72 per month. Several of her payments from one of the servicing transitions went missing or were misapplied and, with the payment increasing above her total monthly income, she fell behind and had lost the three income properties to foreclosure. With a legal aid attorney, she was working to maintain her primary residence. She continued to contact her member of Congress and the attorney general's office but felt their engagement with her was superficial. Almost as soon as I'd sat down during my first visit, Ruth was sarcastically intoning,

> Oh yeah, they [the attorney general's office] were gonna get a class action, but since I was a senior citizen, especially he wanted to get a senior citizen class action suit going, and she told me that I would hear back from them in a couple of days, so I waited a couple of days and I called back, and I talked to her again—the same girl, supposedly—and it was as though she didn't remember anything about our conversation. So you know, I've talked to a lot of situations where when I would call back, as they would suggest, you know,

> if I didn't hear from them to call back a certain time—and it was almost like you was talking to a stranger.[94]

Her son, Sid, sympathized with the demands on politicians' and their staffers' time, yet felt intentionally sidelined:

> [W]hen we were at Congressman [Mark] Schauer's office, they've got about a dozen young people there that are qualified and not qualified and it's almost like you've got an *interference group* trying to make sure that you really can't get to the person you need to talk to…I think they're trying, in their own way, but like with the foreclosure thing, I think it's too big an issue and they're not really putting enough time into it.

Ultimately, in the broader picture—and in spite of a "minority" of "good people" in politics, he concluded that "our politicians are in their [banks'] pocket." Fields, Libman, and Saegert's informants, too, lost faith in the government because of its patent fealty to banks, which they expressed as the belief that "our government won't let us get out of debt" (2010:664).

Sid continued, leaning back in his chair, arms crossed, with a philosophical air: "[Y]ou know, on a political season when our politicians come and they say we want your vote—the rest of the time they could care less to talk to people it seems like. But they want your all mighty vote, or they claim that it's important." His feelings echoed a common cynicism not just among my informants but in the broader news cycle, especially since members of Congress were campaigning for the midterm elections at the time. "But then when you need help in return, I think they're bought—so many of them had said the statement—but I think they're bought and sold by banks."[95] Sid echoed the disillusionment of other homeowners in this study, such as C.J., whose story opened chapter 1, who felt that

[94] Interview, Ruth and Sid, April 15, 2010, Jackson, Michigan.
[95] Ibid.

she had voted for Democrats in power who had duped her into believing she would get a loan modification. This belief is one with which Senator Dick Durbin of Illinois infamously agreed on a radio show in 2009. The Senate had been on the verge of passing a bankruptcy reform provision that would have allowed Chapter 13 bankruptcy trustees to renegotiate ("cramdown") mortgages, but that was narrowly defeated because of strident bank lobbying.[96]

Homeowners sought out public agencies to be effective and protective even as they held that in tension with beliefs about the state as being deeply corrupt or complicit with banks, as discussed here and in chapter 4. Distressed homeowners clearly recognized the state as multitudinous, flawed, and even contradictory. Recurrent pleas and demands for intervention show a faith in the ideal of the state, if not one's actual experience with it (c.f. Poole 2004).

Being Seen Like a State

Michigan's state government became very visible in the response to the housing crash when politicians set up the "Save the Dream" campaign through MSHDA, a campaign that presented public service announcements endorsing non-profit counselors and urging homeowners to take advantage of the 90-day law and other services. Although sympathetic to distressed homeowners, its message placed heavy burdens on owners facing foreclosure, suggesting their actions threatened the stability not only of their families but also the

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[96] At a recent panel, the director of the Center for Responsible Lending argued that banks had been on the verge of accepting reform until a Republican senator told the industry's lobbyists "not to come asking them for favors" in the future if they rolled over on bankruptcy reform (Calhoun 2013).

whole political, economic, and moral order of the American dream. "Overnight, Granholm made us all foreclosure experts," one former counselor recalled about the governor's public service announcements in 2009.[97] Without any further training in foreclosure intervention counseling, the governor made a performative statement that endowed counselors with state-sanctioned expertise.

Housing counselors, MSHDA staff, and other housing professionals (county treasurer staff, the Michigan Foreclosure Task Force), in collaboration with political allies, sought judicious ways to insert consumer protections into the foreclosure crisis without fundamentally disturbing creditor-debtor relations. Michigan's housing professionals have achieved some remarkable successes, chiefly securing the passage of the 90-day law, preserving the state's 6-month redemption period in the face of legislative challenges to it, and creating, with the state's federal Hardest-Hit funds, a central online portal for loan modification applications to every major servicer in the country (https://www.stepforwardmichigan.org/).

The press release about the governor's "Save the Dream" campaign that was run through MSHDA, described the agency as "a quasi-state agency that provides financial and technical assistance through public and private partnerships to create and preserve safe and decent affordable housing, engage in community economic development activities, and address homeless issues."[98] MSHDA's employees firmly identified themselves as public servants, though the agency's public presentation is productively distant from the state.

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[97] Interview, Adrian, April 14, 2011, Lansing, Michigan.

[98] "Governor Granholm Signs Legislation To Help Citizens With Mortgage Foreclosure": http://www.michigan.gov/mshda/0,1607,7-141-7559_9637-188859--,00.html.

Like other states and state agencies, MSHDA's own actions try to render it legible but simultaneously made it illegible in other ways (cf. Das 2004; Poole 2004). Participants in this industry understood their legitimacy to be twofold: on one hand, they gained legitimacy through their background relationship with the state. On the other hand, they gained legitimacy by distancing themselves from what has been politically discredited as the state's inherent paternalism.

One state employee explained that MSHDA, "get[s] recognition from politicians and financial institutions for MSHDA counselors. It has a positive impact on clients…Being certified lends credibility."[99] At the same time the state can offer credibility to community organizations—specifically to differentiate them from scammers—being seen *as* the state can be a liability. Another public employee who asked to remain confidential summarized the problem this way: "People wouldn't go to a government agency for help. Let's be honest here. People don't believe government is here to help." As she told me this, she rolled her eyes at me exasperatedly to reinforce that this is the most obvious thing she could possibly say. After working for the state for more than a decade, she firmly believed that, "If people knew they were dealing with the state they wouldn't provide as much information: 'why do you need my social security number?' They're afraid of what you're going to do with it."[100] The state is, then, simultaneously comforting and menacing to citizens (cf. Poole 2004). As an accreditor scrutinizing businesses and organizations, the state appeared legitimate and protective. But when the state surveiled citizens, they were apt to feel the state as

[99] Interview, Laura, April 11, 2011, Lansing, Michigan.
[100] Interview, Charlene, April 11, 2011, Lansing, Michigan.

threatening. Public administrators felt this contradiction and, in the face of citizens' resistance to the state, opted to do the state's work without being seen as the state.

Whereas the modernist state project was in many ways is about being visible, ordered, rational (Scott 1998), before the financial crisis, the US government was trying to be less visible and to disperse rationality throughout market and community actors. Many analysts have written about the privatization of the state under neoliberalism, not a diminishing of state power, but a diffusion into more places. The ideals of neoliberalism are to devolve more control to the private sector, business, and "community" stakeholders (even the word 'stakeholders' makes it sound more transactional than civic). Rose (1996) argues that in what he calls 'advanced liberal democracies,' regulation is not through the state or traditional means of welfare; instead, experts act in *communities* to try to get individuals to make rational choices that are supposed to be in their best interests (41). That is, state power does not have to call itself state power so there are agents exercising "state-like power" of governance, regulation, etc. without *being* the state (Trouillot 2001). With this neoliberal kind of governing, the state becomes less visible *as* the state. And what the financial and housing market crises did was make the state more visible *as* the state.

In the introduction, I argued that crises are moments of vulnerability forced by events into an unwelcome state of visibility. Such is the case with the state in both the TARP bailout and campaigns like Save the Dream. These exposures, required by the overwhelming threat of collapse, made the state not only govern but do so in highly visible ways. Regulators responding to the financial crisis believed that the Federal Reserve and Treasury Department's interventions would reassure the animal spirits of panicked investors, however the bailout produced uneven results even on that score, as many institutions continued hemorrhaging capital and stock value (FCIC 2011). HAMP and Save the Dream, too, exposed the state to criticism for their treatment of distressed homeowners—from the right (the prominent critiques when I was doing this research) for rewarding homeowners' recklessness and from the center and left for being insipid. Together, such actions have made governments particularly vulnerable to attacks from the Tea Party that the state has betrayed the nation, summed up in the protest sign "The American Dream is Not a Handout."[101]

The community organizations that offered housing counseling were an "easier gateway" to reach distressed homeowners, according to program administrator Cindy.[102] There is no requirement for an agency to become certified by HUD in order to provide housing counseling; certification is voluntary but it is a pre-condition for agencies to receive HUD funding for housing counseling. HUD has been the largest single source of funding for housing counseling—until its funding for fiscal years 2010 and 2011 were cut by Congress—though it provided less than fifteen percent of the industry's funding. Smaller agencies, such as the ones where I did my fieldwork, tend to draw more of their budgets from HUD funding. HUD makes grants to state-level intermediaries, such as MSHDA and to local agencies.

To be certified as a HUD-approved housing counseling agency, an organization must have 1) non-profit status, 2) a presence in the community where it operates, 3) already successfully run a housing counseling program for one year, and 4) an automated system

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[101] Since 2011, Occupy Wall Street has popularized strains of critique formulated by other activists, such as "Banks got bailed out. We got sold out."—and its signature "We are the 99%."

[102] Interview, Cindy, April 11, 2011, Lansing, Michigan.

for collecting data on the people they serve (Herbert, Turnham and Rodger 2008).[103] Yet, it is not only the promise of winning funding from HUD that drives agencies to seek its certification. There are about twice as many HUD-approved counseling agencies than agencies actually receiving funding from HUD. In their study of the housing counseling industry, Herbert, Turnham, and Rodger (2008) argue that agencies may be driven to apply for HUD approval specifically to "enhance an agency's legitimacy in the eyes of the general public and funders" (14).

Although housing counseling is in most senses a government endeavor, the delivery of services happens through the non-profit sector in community organizations. In attempting to make sense of the neoliberal forms of state power, anthropologists have largely drawn on Gramscian and Foucauldian readings on the state and forms of power. Both globalization and neoliberalism have implied a profusion of sites of authority and, accordingly, anthropologists since the 1980s have worked to understand state power beyond the bounds of specific state-identified institutions. Rather, the prevailing theory is to understand state-like power as liable to crop up within the institutions of the state itself, in institutions of civil society, governmentalized NGOs, and in individuals' own disciplines of self-care and visions of the good life. Rose's (1996) writing on this hybrid mixture of authority seems like it could have been written about the relationship of MSHDA to the

[103] In 2007, 24 CFR Part 214 Housing Counseling Program; Final Rule changed the provision that all of an agency's facilities have to be located in the community where it provides services. Presumably, HUD changed this requirement to allow national call centers to be able to provide counseling for the increasing number of people needing foreclosure intervention counseling. Department of Housing and Urban Development, Housing Counseling Program; Final Rule. Federal Register vol. 72, no. 188. September 28, 2007. Pp. 55638-55654. Available at www.hud.gov/offices/hsg/sfh/hcc/final.pdf.

non-profit agencies that administer its counseling programs.[104] He writes:

> The reconfiguration of political power involved here cannot usefully be understood in terms of the opposition of State and market: shaped and programmed by political authorities, new mechanisms are utilized to link the calculations and actions of a heterogeneous array of organizations into political objectives, governing them "at a distance" through the instrumentalization of a regulated autonomy. (57)

Housing counseling exhibits all these elements of what Rose argues is the trend toward governing through community, where morally appropriate choices can be taken based on the choices of autonomous individuals in communities rather than at the behest of experts concentrated within state agencies. Housing counseling does retain the interest of the state—in producing stable communities and homeowners—but disperses the daily work of producing these results to organizations operating through and in the name of "community."

In my experience with housing counseling, non-profit professionals made a strong distinction between themselves—whose "programs are for the benefit of people"[105]—and "scammers"—that is, for-profit organizations like the one Andre used that make promises to desperate homeowners and take money from them without necessarily improving (and often worsening) their housing situation. There is a strong ethic in the housing counseling community that they cannot promise a certain outcome for their clients. At a counselor training in the summer of 2010, the lead trainer, Frank, warned counselors of a scandalous betrayal at an agency he used to direct in the Washington, D.C. area. A counselor Frank

[104] It would be wrong to lose sight of the fact that housing counseling, and its delivery through community organizations, came about in the late 1960s, not as a part of a relentless march of neoliberalism since the 1980s.

[105] Interview, Laura, April 11, 2011, Lansing, Michigan.

hired was processing homeowners' foreclosure prevention applications but, when they were denied, told the clients he would work with them outside the non-profit, for a fee, and guarantee them a better outcome. As Frank finished his cautionary tale, the basement conference room shook its collective head in disbelief and filled with the murmurs of 35 housing counselors. This intrusion in Frank's agency starkly troubled the bright line housing counselors work to maintain between legitimate and illegitimate forms of intervention.

In this section, I examined the productive location of housing counseling as simultaneously a state and a non-state activity. Through the location of services both inside and outside the state, the state is both a source of credibility and distanced from responsibility. In the next two sections, I examine, first, foreclosure intervention strategies in practice and, second, ways homeowners make demands for different kinds of recognition from the state as housing counselees. In turn, housing counselors work to limit homeowners' expectations and emotional indulgences, trying to shape homeowners into self-responsible financial subjects.

The Housing Counseling Industry and The Arts of Governance

Although housing counseling takes place in private sector settings (non-profits, lending institutions, or for-profit counseling agencies), housing counseling has been a state endeavor supporting the goals of social inclusion and financial stability, since its inception half a century ago. The 1968 Housing and Urban Development Act established HUD as a cabinet-level agency with responsibility for, among other activities, housing counseling (Herbert, Turnham, and Rodger 2008). Along with other Great Society initiatives in the late

1960s, HUD's goals were to decrease racial and wealth disparities. Housing counseling was a specific strategy to support low- and moderate-income, largely minority, Americans to achieve and sustain homeownership. Although housing counseling takes place in private sector settings (non-profits, lending institutions, or for-profit counseling agencies), housing counseling is a practice of statecraft and governance.

Housing counseling was intended to promote homeownership by low- and moderate-income Americans; however, through the 1980s, housing counseling agencies mainly provided rental assistance (Herbert, Turnham, and Rodger 2008). Today, housing counseling covers a range of activities from credit counseling, usually designed to help renters qualify for mortgages; pre-purchase counseling and education; help finding appropriate rental housing; mortgage delinquency and foreclosure prevention counseling; other homeowner supportive services, such as home repair aid or loans or energy efficiency upgrades; and preparing housing discrimination complaints.

Since the 1990s, when the federal government increased its emphasis on promoting minority homeownership, counseling agencies have seen a precipitous growth in their funding, client loads, and number of pre-purchase counseling clients. Although federal policies have explicitly buoyed homeownership since the 1920s, it was embraced with fervor as an asset-building strategy beginning in the 1990s. The Clinton administration set a goal for a national homeownership rate of 67.5 percent and was especially concerned with extending homeownership to poor and minority borrowers as evidence emerged that, in spite of the 1977 Community Reinvestment Act (CRA), minority applicants and all women were more likely to be rejected for a mortgage or receive loans with predatory terms (Munnell, et al 1992; Avery, Beeson, and Sniderman 1993; Immergluck 2009).

Clinton shepherded in reforms to the CRA allowing low-income and minority borrowers to get loans from CRA lenders in any neighborhood, not only impoverished neighborhoods, with the effect of allowing more African American and Latino homebuyers to purchase in predominantly white neighborhoods (Saegert, Libman, and Fields 2009). Whether in intent or only in effect, the reform is philosophically consistent with the HOPE VI program to "deconcentrate poverty" by moving public housing residents into mixed-income neighborhoods (cf. Greenbaum 2008). George W. Bush's "ownership society" advocated personal control of health care, parental control of their children's school choice, and a privatized retirement system, because of an inherent skepticism of government provision and drive toward privatization, but also because ownership was presumed to give individuals "more dignity, more pride, and more confidence" (Boaz n.d.). Among its initiatives to promote homeownership, the Bush administration set a target for 5.5 million new minority homeowners and supported down payment assistance, including under the American dream Downpayment Act.

Housing counseling agencies were key interlocutors in the low- and moderate-income homeownership conversation. With vastly increased funding available from HUD, counseling agencies provided homebuyer education and administered down payment assistance programs to millions of aspiring homeowners. One of the first tests of such initiatives was the American dream Demonstration, funded by the Administration for Children and Families, to promote the model of matched savings accounts for low-income households to accumulate money toward a down payment on a house, postsecondary education, or capitalizing a business. The program has evolved into the Assets for

Independence program, which funds matched savings accounts and homeownership promotion activities at housing counseling agencies.

Michigan housing counselors who had been in the industry before the foreclosure crisis hit talked with reverie about the ease and optimism of that era. One administrator who used to do homebuyer education at MSDHA and the Family Self-Sufficiency (FSS) program to move welfare recipients off welfare, reflected that homebuyer education, "was easy as pie! It was the American dream, you get clients and lenders to get people into a house." Then a couple of years ago, "it was like the faucet turned from warm to freezing."[106] Since the mortgage market began to collapse in 2005, counseling agencies nationwide, including Michigan, have worked mostly with homeowners trying to prevent foreclosure. In fact, during the year I conducted fieldwork, housing counseling agencies funded with MSHDA's HUD money served almost ten times as many people trying to prevent foreclosure as they did potential new buyers.[107]

Foreclosure Interventions

Myriad programs have proliferated in response to the mortgage crisis, from decades-old strategies of door-to-door outreach by community organizers;[108] to lenders' in-house modification programs that have long existed but rarely been used; to federal programs

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106 Fieldnotes, February 26, 2010.

107 In fiscal year 2010 (October 1, 2009 to September 30, 2010) MSHDA reported that its 30 subgrantees served 21,507 clients seeking foreclosure prevention and 2,725 clients seeking pre-purchase counseling.

108 Although this kind of outreach suffered a serious blow nationwide when Congress defunded ACORN, the Association of Community Organizers for Reform Now!, that had one of the largest foreclosure prevention programs in the county, especially for low income and minority homeowners.

emerging from the FDIC, FHA, and Treasury Department; to nationwide partnerships between housing advocates and lenders in the Hope Now Alliance. Each program entails specific eligibility requirements and forbearance or loan modification options (for a concise overview of policy responses, see HUD 2010). In my field sites, two programs more than all the others captured homeowners' attention and structured their possible courses of action: HAMP and Michigan's 90-day pre-foreclosure negotiation law. The HAMP program, described in chapter 4, encouraged lenders to offer homeowners mortgage relief with the liquidity they gained through the TARP. The second program shaping the prospects of participants in this research was a Michigan law passed in 2009 that required lenders to offer homeowners the option of a 90-day mediation period before foreclosure proceedings. Michigan was among 20 states to enact some kind of waiting period or mediation before foreclosure continues.[109] If a homeowner chose to activate the waiting period, the auction was postponed for ninety days after the foreclosure notice. This time was to allow homeowners to apply for a mortgage modification from their lender. It was enacted because local legislators perceived that the Obama administration's voluntary mortgage modification program excluded too many homeowners. Homeowners were to work with any state-approved non-profit foreclosure prevention counselor to negotiate terms of a modification with the lender. Foreclosing lenders were required to notify homeowners via a registered letter that included contact information to non-profit housing counseling

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[109] Overviews of legal stays on foreclosure may be found at the National Consumer Law Center (http://www.nclc.org/images/pdf/foreclosure_mortgage/state_laws/survey-foreclosure-card.pdf and http://www.nclc.org/images/pdf/foreclosure_mortgage/mediation/summary-of-programs.pdf); and United States Foreclosure Laws (http://www.foreclosurelaw.org/index.htm). Also see Jefferson et al (2012:1-7 and Appendix G).

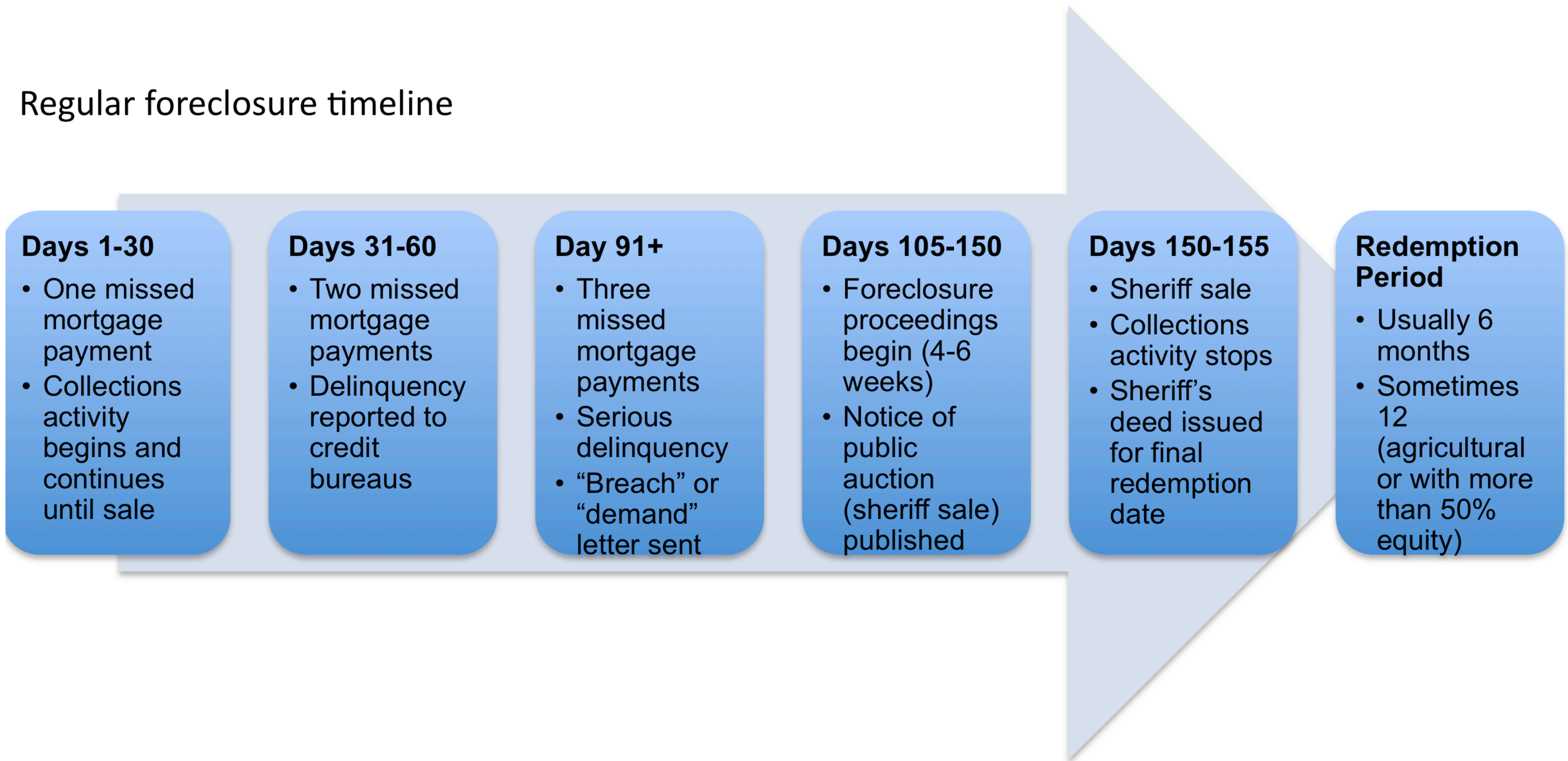
agencies. Their workloads have increased since local foreclosures began rising in 2005 but especially since the passage of HAMP and Michigan's 90-day law.

Time and timelines are vital to the foreclosure process. In the foreclosure mediation process, temporality and waiting also become central experiences. Because of the centrality of time in the pre-foreclosure experience, I present first a regular foreclosure timeline (see Figure 2), *without* the optional 90-day mediation period. This is the most basic foreclosure timeline in Michigan; even so, there are contingencies and caveats that make it hard to give a straightforward answer to how long it takes for someone to lose their home. Following that, I discuss the 90-day law introduced in Michigan in 2009, including the effects it has on the overall timeline, the intervention it proposes to make, and the key actors involved.

For a regular foreclosure timeline, assume mortgage payments are due on the first of the month. If a homeowner does not pay on the due date, the loan is considered delinquent; there is, however, a 15-day grace period so late fees are not assessed until day 16. At this point, servicers begin contacting the homeowner to make a payment. These calls come from the collections department; the mandate of the collections department is to get the homeowner to make some payment, though they may or may not accept partial payments. Already, homeowners begin to lose faith in their mortgage servicers because of these early rebuffs, setting them up to distrust the institutions once or if they finally connect to the loss mitigation department (Fields, Libman, and Saegert 2010).

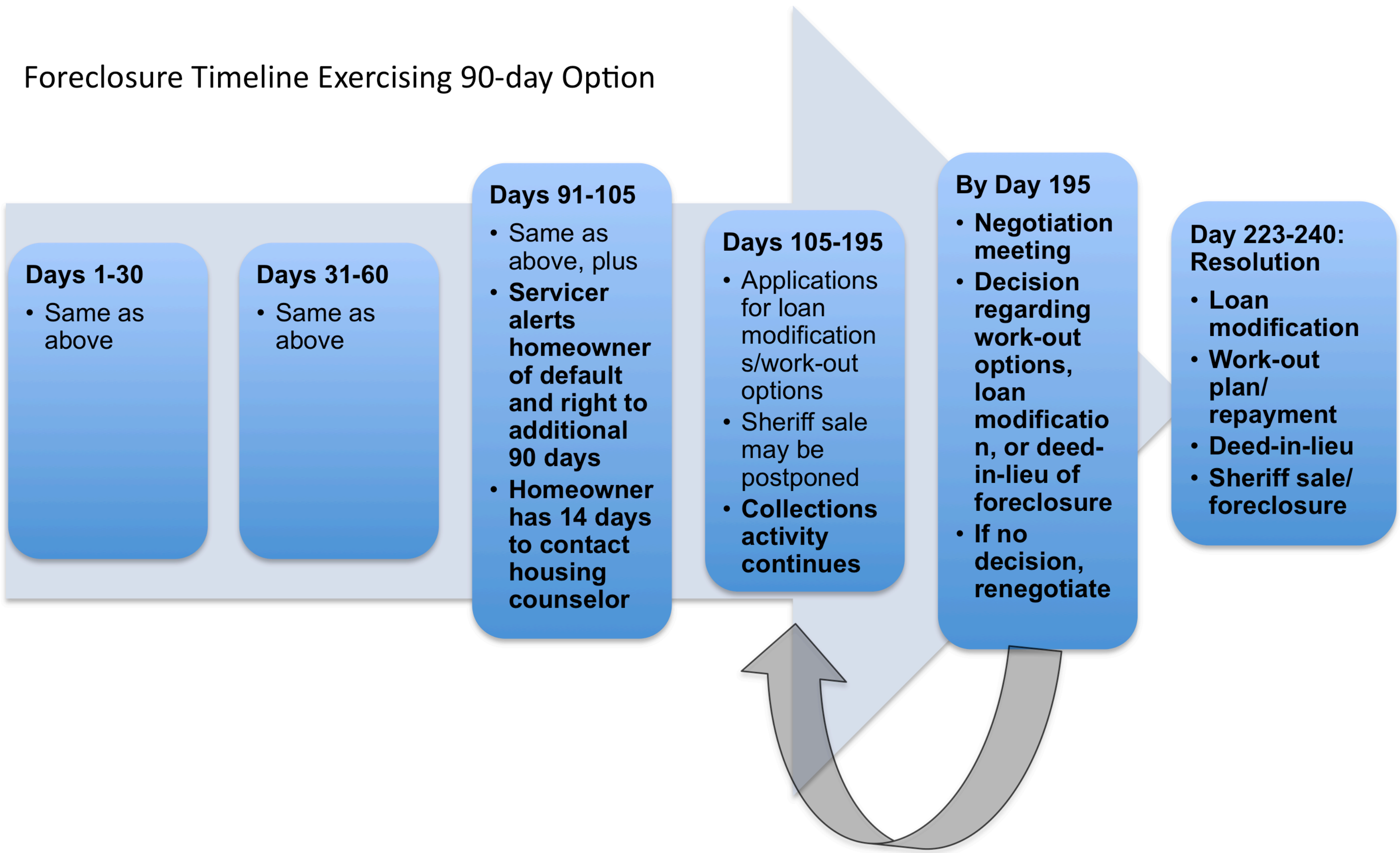
Mortgage delinquency is calculated—and reported to the credit bureaus—in 30-day intervals. Delinquencies of up to 90 days are not considered seriously delinquent. At 90 days past due (3 payments), a loan is considered seriously delinquent. At this point, the lender sends a "demand letter," (alternately called a breach letter)—the demand is for all the past due payments and the breach is of the terms of the mortgage. Demand letters most often give homeowners another 30 days to bring the loan current, paying all arrears and fees. When a fourth payment is missed, the loan is in default and foreclosure proceedings begin. Lenders contact their attorneys who begin preparing paperwork and scheduling a sheriff sale. Legally, foreclosures in Michigan can follow proceedings to foreclose judicially or by advertisement (non-judicially); the vast majority of foreclosures occur by advertisement. Meaning, a house is sold by sheriff sale (public auction) rather than the borrower and lender going to court. At this point, the house is in foreclosure. Foreclosure is a process rather than a single moment of transition; that is, a house can go in and out of foreclosure status many times before ownership transfers back to the lender, if at all. From the time the lender refers a homeowner to the attorneys, it takes four to six more weeks to complete the sale. The lender must advertise the sheriff sale for four consecutive weeks in a newspaper in circulation in the county in which the house is located. Simultaneously, the lender has its attorneys begin foreclosure proceedings and its agents post a notice of sheriff sale on the house. These are supposed to notify homeowners and any other lien-holders of the immediacy of foreclosure; in effect, they also alert family members, neighbors, and speculators to a distressed owner's situation. The sheriff also marks the house by putting a pre-sale notice on the house's window. Again, this is supposed to be a notice a homeowner cannot help but see—in case they are not opening mail from their lender and have missed the other announcements about the auction. According to MSHDA's foreclosure timeline, this notification process can take up to two weeks, meaning that the first notice of sheriff sale will be issued by 105 days after the first missed payment. If there are no glitches or delays in the process, a sheriff's sale should occur five to six weeks after the first notice of sale is printed—all told, about 150 days from the first missed payment.

Figure 2. Foreclosure Timelines



For interpretation of the references to color in this and all other figures, the reader is referred to the electronic version of this dissertation.

Figure 2 (cont'd)



"They can see it and they know"

Participants in my research experienced the notice taped to the window as a moment of deep shame, being marked as though with a scarlet letter. Kiersten had just turned 19 and was living with her mother and brother when their house was foreclosed. Although Kiersten had realized about a year prior that her parents were in financial trouble—noticing unopened bills and letters amassing in the kitchen junk drawer, her parents telling her she would have to pay her own way in college—they did not have much communication from the lender about the mortgage delinquency. The deed was in her mother's name but the bank communicated about the delinquent mortgage with Kiersten's father, who was estranged from the family at the time. Her father, Mike, had been a mortgage broker in their northwestern Michigan town. Like many brokers in the crash, Mike lost much of his livelihood, putting the family in dire financial straits. Unlike most people, Mike tried to evade his financial problems by embezzling money that members of their church's investment club entrusted to him. When the house entered foreclosure, Mike left the family. He was arrested and served a short jail sentence for embezzling the church members' investment money. Kiersten understood her father's irresponsible behavior as partially a function of his selfishness, and partly due to his recent diagnosis with bipolar disorder. In the meantime, Kiersten's mother's job was not enough to help them catch up on the payments and the house was foreclosed: "[T]he police came and put the notice up on the door that we were under foreclosure. That was [a] really devastating and embarrassing day. And also all the neighbors are around—they can see it and they know...And obviously then when the police officer put the notice on the door, we knew this was it."

The notice on Kiersten's house was the sheriff sale or auction notice. In almost all sheriff sales, the lender or investor purchases the house for an amount equivalent to the outstanding mortgage. Michigan is one of 10 states to offer a redemption period, a liminal period after the sale but before a property transfer takes place. At this point, a sheriff's deed is recorded, which shows the foreclosure sale date and the last date a homeowner can redeem the property. Michigan gives homeowners six months to live in the house payment-free.[110] The purpose of the redemption period is to allow homeowners a chance to get their property back out of foreclosure . Homeowners make no mortgage payments during this time but are responsible for the utilities, insurance, and maintenance. Consumer advocates argue that mortgage-free living during the redemption period allows foreclosed homeowners to build savings that help them afford moving costs, first and last month's rent, and security deposits on subsequent rental housing.

During this time, homeowners can also get the house out of foreclosure—can "redeem" it—by repaying the full remaining balance of the loan plus fines, fees, and lawyers' costs. The language for this process draws heavily from religious vocabulary to normalize a moral universe aligned with the priorities of private property, contract law, and financial stability. To be on the verge of this loss is the place where one finds literally the last offer of redemption. Is the implication, by extension, that homeowners redeem themselves as actors in the social world? To reenter the mortgage contract by redemption, borrowers avert the moral hazard of the bailout and reenter well-worn circuits of consumer capital flows.

[110] The redemption period extends to 12 months if the property is larger than 3 acres (because they are classified as agricultural) or if there is more than 50 percent equity in the property.

Michigan's 90-day Law

The provisions of the 90-day law were that before servicers could foreclose by advertisement, they must send a defaulted borrower a letter by certified mail informing them of their rights to negotiate and provide them with contact information for non-profit housing counseling agencies and legal aid offices. It was important, housing counselors pointed out, for the letter to be sent via certified mail to ensure that the homeowner actually receives the letter. It was a widely held belief that defaulted homeowners stop opening their mail from their lenders as, for example, Kiersten's mother did; requiring that the letter be signed for at least ensures that it is delivered. In this incarnation, the laws stipulated that homeowners *must* use the services of a non-profit housing counselor certified by HUD or MSHDA, a provision that has since been removed. That was the primary reason that client volumes in Lansing had increased so precipitously by the time I started fieldwork in late 2009 and throughout 2010. Frequently, homeowners called Franklin Street at the end of, or after, their 14-day window; in practice, the lenders' attorneys gave homeowners a ten-day grace period. Aside from answering phones, responding to 14-day letters was one of the primary ways I contributed as a volunteer at Franklin Street. After clients gave preliminary information over the phone, they would fax or bring in a copy of their 14-day letter so that someone at Franklin Street could fill out and fax the form letter stating that the homeowner was exercising her option for the 90-day window by working with a counselor.

While I was doing this research, lenders had discretion about when to send the 14-day letters after delinquency began. In practice, it seemed that most often homeowners received their 90-day letters around the time of the demand letters. Although clients and lenders rarely moved through the process this quickly for reasons I detail throughout the dissertation, a best estimate for a smooth movement through this process is that the 90-day window would be open from about days 105 to 195. This was primarily the time when I met housing counseling clients. This was the time during which clients and housing counselors tracked hundreds or thousands of pages of documents through the agency's fax machine and overnight mail envelopes, all with documents supporting an application for loan modification. Sometimes housing counselors got their clients an offer of a loan modification or other work-out option before the 90-day window was closed. If the parties had agreed on some solution, there was no need for a negotiation meeting. If there had not been any agreement, however, the client, housing counselor, and lender's "designated agent" were to have a meeting before the 90 days expired. In practice, lenders designated their attorneys to attend these meetings, the same attorneys to whom we responded about the 14-day letters. The flaw with those meetings during 2010 was that the attorneys did not have authority, let alone expertise, to negotiate new loan terms. I witnessed negotiation meetings where the three parties sat around the agency's conference table and had yet another phone call with a representative at the lender's call center, who reported simply that there had been no decision yet on the application. In another case, the lender's representative asked the clients to resubmit their updated financial information (again). During Angela and Felipe's mediation meeting, the lender's attorney explained that asking them to resubmit paperwork "is not asking you to give up. It means there's still a chance."[111] This is the flip side of the Kafkaesque experience for homeowners explained in the previous chapter. In order to make a decision, the lender's underwriting department

[111] Fieldnotes, June 10, 2010.

required them to look at the borrower's most recent paycheck and savings and checking balances. Frequently, clients submitted this information with their initial request but by the time a loss mitigation staff person looked at it, the financials were two to four months, sometimes more, out of date. Therefore, the application went back into the queue while clients re-faxed or re-FedExed their financial information. In cases like these—negotiation meetings where there was no resolution, the lender was still required to keep foreclosure proceedings on hold until they had definitively given homeowners an answer about their request for a modification. (Though even in cases of denials, the counselors I worked with most closely would resubmit a new application if the homeowner's situation changed, such as getting a new job, in between the time of denial and rescheduled foreclosure proceedings.)

The timeline presented in the preceding pages is a greatly simplified version of the workings of the 90-day law, in particular, and loan modification processes in general. The timeline varied widely for clients based on a range of factors, which could include: whether a loan was predatory, which usually got a modification much more quickly. It is fairly simple, for example, to see that person has an adjustable interest rate of 10.9 percent and payments that are unsustainable. If a loan was predatory or fraudulent, clients of a counseling agency tended to get modifications more quickly; their information was sometimes turned directly over to a legal aid attorney or the modification request was submitted, along with a notice that the case was referred to a lawyer. The easy adjustment for such loans is to convert them to a lower fixed rate. Other factors that affected the foreclosure timeline included:

- the severity and complexity of a homeowner's financial situation, including if the homeowner was expecting any changes in their income and if there was a second mortgage, and with what institution;
- who the investor was on the loan;
- who the lender and/or servicer was on the loan;
- how sluggish or saturated the hyper-local real estate market was—that is, how difficult would it be for the lender to resell the property if it foreclosed. Along with an analysis of how much is owed on the mortgage, the condition of the house, and additional (proprietary) factors, this goes into what is known as a net present value (NPV) calculation, which helps the servicer decide if they will lose more money by foreclosing or modifying the loan;
- which representative or negotiator the homeowner or housing counselor got on the phone;
- how many other foreclosures the servicer was processing/what their organizational capacity was to deal with the volume of requests—a problem so severe that it manifested as "robo-signing;"
- a homeowner's organizational skills—for example, being able to track down old paystubs and tax documents as well as being willing and able to bring them to the counseling agency during working hours;
- a housing counseling agency's capacity to take on new clients and ability to handle their cases.

The issues above undergird every foreclosure intervention. They do not all receive equal weight in each one but they all pulsed somewhere in the organism of the loan modification process.

I realize that the intricacies of this foreclosure timeline may be dulling to an outsider. As a study of bureaucratic intervention and uncertainty, that dulling sensation is, in fact, part of the point. As Hoag (2011) argues, delays, unnecessary paperwork, and waiting around are central features of the bureaucratic encounter, though they have been under-studied in anthropology. In spite of efforts by lawmakers, consumer advocates, and financial institutions to establish systems, the housing counseling milieu was radically unsettled. Counselors, legislators, banks, and homeowners were in a continual process of waiting—on themselves, on each other, on the crisis to unfold in a way that would point to a straightforward exit—and of reinvention. In this way, portended foreclosure and bureaucratic interventions around it (counseling, negotiation periods) were like other bureaucratic exercises that vacillate between order and chaos, well-intentioned policies and the "mangle of practice" (Hoag 2011; Das 2004). Meanwhile, all the actors had to continue acting, not able to unsnarl the mangle in which they found themselves but, rather, forging any circuitous path they could through this wilderness.

Housing Counseling in Practice

Getting In

Although clients can begin housing counseling at any point—and the Save the Dream advertisements encouraged them to do so before even missing a payment, most clients called after receiving a 14-day letter. Before making an appointment, the person answering the phone does an intake assessment. I often served in this role at Franklin Street, as did other volunteers or a dedicated staff person, when the job was filled.

As an intake volunteer, I asked for information on where the house was, how many months behind the borrower was on the mortgage, if they had a sheriff sale scheduled, and what their income and major debts were. The intake specialist who trained me to answer these calls always told borrowers the counselor "will do everything she can. There are no guarantees but she'll do everything she can to help you."[112] Frequently, potential clients would ask about the prospects for getting a loan modification. Most of them knew about loan modifications from having seen and heard public service announcements and talking with friends, coworkers, neighbors, and family who had also fallen behind on their mortgages. I wanted to tell them that I felt sure Tami, the senior counselor at Franklin Street, would get them a modification because she fought very hard for her clients and did not seem to accept rejections. But I quickly adopted the intake specialist's noncommittal language when I took client calls because making promises to clients is a sure sign of being a scammer.

The agency was in an old Victorian house near downtown Lansing. You entered through the back door, pass through a couple of small, non-descript rooms—antechambers, really—before entering the dining room. There, a large conference table served as a waiting room, a place for the agency to hold homebuyer education classes or mediation meetings with clients and lenders' attorneys, in an echo of political speeches about the "tough conversations families across America are having around the kitchen table." The reception room was off to one side of the dining room. Further on was Marsha's office, in

[112] Fieldnotes, February 18, 2010.

what in past years would have been a parlor or a front bedroom facing Seymour Street. Marsha, an African American woman in her 50s, had been at the agency for almost a year when I started volunteering there in February 2010. Marsha was an AmeriCorps member whose stipend was paid through a grant from the federal sponsoring agency and a Michigan non-profit that had secured funds for 20 “foreclosure corps” positions throughout the state. Traditionally, AmeriCorps members have been young adults on their way into the labor force, but many of the foreclosure corps members I met were middle-aged workers (the ones I knew were all women) dislocated from their previous careers, often in real estate or finance, in the housing bust. AmeriCorps pays a small stipend and a small amount toward student loan debt, however, there is no guarantee that one’s full-time placement at a particular agency, and training in that field, will turn into a job at the end of the term. (In fact, because non-profits feel they are operating with continually-shrinking budgets, the chance the agency can afford to keep that person on at a higher wage is unlikely.)

In the most common counseling encounter at Franklin Street, clients progressed through the house back to front and vertically. After waiting in the dining room, they met with another AmeriCorps member, an intake specialist who had previously been a mortgage broker, in the reception area and fill out a packet of intake paperwork for Franklin Street and MSHDA. The client is supposed to bring a large set of documents with them to the first appointment. These include: their mortgage loan documents, two years of tax returns and earnings statements, thirty days of pay stubs, bank statements, proof of unemployment checks, proof of other public benefit payments, and a hardship letter where they explain to their lender why they need modified mortgage terms.

They then proceeded to Marsha's office in the front of the house where they went over their budgets and bills. Often, Marsha provided them with an overview of their options for resolution, such as a loan modification or forbearance (brief descriptions of loss mitigation options are shown in Table 6). The first appointment was a very accounting-focused event. In a first appointment, mainly they went over the client's bills and make a "crisis budget," in which homeowners cut back their spending as much as possible. My writing in this section is based on observation of seventeen housing counseling appointments at the agency that offered in-person counseling. I augment those observations with observation of four days of telephone counseling at a different agency, as well as participant observation as a volunteer and interviews with housing counselors from a variety of counseling agencies. Homeowners and counselors worked on the budget within the bounds of the credit report. Monthly bills to repay loans are on the credit report, so the mortgage, obviously, and car payments. Any wage deductions or garnishments (such as alimony, child support, repaying a 401(k) loan) show up on earnings statements. Then there were the less firm costs of utility bills; homeowners had a billing history but they have a bit of room to adjust the costs of the bills by turning down/up the temperature depending on the season and working on weatherization. What was not reported elsewhere was considered discretionary. According to counselors, the crisis budget should only be one the clients live off for a few months. However, this conflicted with the fact that many trial loan modifications last much longer and that some homeowners existed in housing limbo for several years.

All told, the budgeting exercise was about coming up with some document that approximated reality that homeowners can submit to their lenders for consideration.

Disclosure was not always complete, though. There can be "two budgets—one is yours, and a different one the bank has seen. Some things you don't have to present—but basically [the budget] is what's on the credit report. Food, personal items, and gas are usually the areas to cut," according to one counselor I worked with.[113]

The effect of the budgeting exercise was to lay out this quantitative information in a way that compelled the homeowner-client to account and calculate. The “new prudentialism,” as O’Malley (1996) calls it, means that individuals should actively engage in managing their own risks. The role of government, therefore, is not to manage risks for people but to provide them information and capacities with which they will choose to appropriately monitor their own levels of risk, which are no longer social relations but a quantifiable and calculable quality inherent in every action.

After about an hour going through their documentation with Marsha, clients went upstairs to meet with Tami. With more than 8 years of experience in housing counseling, Tami was a real veteran compared to most other counselors in the field, and one of my key informants. She studied accounting for her CPA license but became involved with providing financial literacy and credit repair courses at another non-profit, which changed her career trajectory. With new foreclosure clients, Tami verified information about their mortgage, talks with them more in depth about the various options they had with (or without) their lender (Table 5), and began negotiating with the lender. In an ideal scenario, clients would have brought in all the documentation they need—bills, mortgage, income information, a hardship letter—and filled out a loss mitigation packet that Tami faxed from the copy room

[113] Fieldnotes, August 9, 2010.

across the hall, which in prior generations would have been the house's smallest and darkest bedroom.

Table 6. Loss Mitigation Options

"***Traditional modifications***" take the amount that a borrower is behind on their mortgage (arrears) and add that amount to the end of the loan as new principal, which is recapitalized. Traditional modifications tend to *increase* loan payments. They are offered in-house by the mortgage servicer. This kind of modification has been used for people who temporarily got behind on their mortgage because of a short-term shock (like a job loss or health emergency) but can afford their payments overall.

Refinance: pays off the original mortgage with a new loan. Refinances generally depend on a borrower having equity in the home, either because its value has risen or they've lived in the house long enough to have paid down the principal enough to have equity—or both. This option is not widely available in the current crisis because one of the main drivers of the crisis is that home values have dropped precipitously—about 30% in Lansing, for example. Homeowners cannot refinance a mortgage this severely underwater. A lender will not finance above the current market value, so they will not be able to pay off the original note with a refinance (even if they are able to credit-qualify for one).

"***Short refinance***" overcomes the problem of refinancing an underwater mortgage because the original lender agrees to accept a loss when a borrower can refinance at present market value. Similar to a short sale, except the borrower retains ownership of the home. Very few lenders are willing to participate in a short refinance option; it is almost, if not exclusively, contained to refinances carried out by the Federal Housing Administration (FHA).

Interest rate reduction: the most common type of loan modification in this crisis (Quercia and Ding 2009: 181, exhibit 3). These modifications may lower borrower monthly payments and the overall mortgage burden over the life of the loan. They may not lower monthly payments if borrowers are simultaneously repaying arrears or late fees. The level of interest rate reduction varies based on the program guidelines a lender is following, the homeowner's credit score, finances, and the lender's incentive structure.

Principal reductions: a rarely-used option to reduce overall mortgage debt and monthly payments. By reducing the principal owed on the loan, these modifications address the problem of negative equity or being "underwater."

During sessions, it was obvious how much easier the whole process was when mortgages were held in portfolio so the servicer and investor are the same. When they were distinct entities, a homeowner must first apply for relief through the servicer of their main mortgage, who then (eventually) analyzed it and passed it on to the investor for approval or denial. Those transactions could be mediated with the servicer's attorneys over the course of months or possibly years. Then, the homeowner made a separate application to the servicer of the second mortgage. First and second mortgage companies experience a prisoner's dilemma, neither wanting to be the first company to agree to take a loss on the loan. Why should the primary mortgage company agree to lower the loan balance if the second mortgage will go into default and trigger foreclosure? Why should the second mortgage company reduce the much smaller debt the homeowner owes it when the primary mortgage is clearly what is breaking the homeowner's budget? In contrast, I observed Phil's first appointment at Franklin Street when Tami called the servicer to inquire who was the investor on Phil's only mortgage. The customer service agent informed Tami that the servicer was also the investor, and had already forgiven Phil's two missed payments.[114]

Most of what occurred in foreclosure mediation counseling was standardized in order to satisfy two distinct but related mandates. One was that the counseling encounter had to produce the information needed for the homeowner to submit a request for any kind of loan repayment or modification. The HAMP program had become a benchmark for housing counseling, requiring standard elements. Therefore, counseling agencies' default strategy was to gather information required by HAMP. Second, agencies also needed to

[114] Fieldnotes, May 26, 2010.

complete certain counseling components to get reimbursed by their funders. One curriculum, outlined in the National Industry Standards for Homeownership Education and Counseling, required:

- Intake including household information, mortgage and financial information, the reason for mortgage delinquency, and the homeowner's goals for counseling;
- Mortgage status;
- A loss mitigation plan;
- Contact with the foreclosing lender and any other relevant entities (homeowners' association, tax assessor, etc.);
- Follow-up with the client;
- Referrals to other community resources.

Further, for any agency receiving funding from the National Foreclosure Mitigation Counseling (NFMC) program had to provide certain content in order to be reimbursed for different levels of service. In late 2007, Congress authorized funding for NFMC to be distributed by NeighborWorks© America to local counseling agencies. As of 2012, Congress had appropriated $588 million to NFMC, with more funding pending in early 2013. HUD's counseling appropriations from fiscal years 2007 through 2012, most of which went to foreclosure prevention, totaled $323 million (Jefferson et al 2012).

Counselor Ethics and Practice

In my analysis, there were four salient themes in housing counselors' ethics and practice relative to how they worked to shape their own and clients' dispositions, and related directly to my claim that housing counseling is a venue for reshaping the substance of citizenship in the crisis. These are (1) setting expectations and boundaries to place responsibility with the client; (2) dedication to clients, which manifested as both accepting every client even if they did not have realistic expectations, and never giving up on a client who was proactive; (3) treating counseling as consumer education; and (4) engaging in emotional management of clients. These cut across the counseling sessions I observed, participated in training about, and discussed with representatives of nine agencies.

1) Setting expectations

To clearly differentiate themselves from scammers, certified housing counselors devoted themselves to limiting their clients' expectations for saving their houses from foreclosure. Jim described how it was important to establish trust with his clients through a forthright appraisal of their chances: "[I]f you can prove that you'll do what you say you do—I try not to overpromise—but I try and be realistic too, because I don't know what the banks will do. I don't know what their lender is gonna do. There's so many reasons why they will or won't get a mortgage modification, and I don't know that up front."[115]

Note that he said they will or won't get a *mortgage modification*, not just any foreclosure prevention. There was broad consensus among all the categories of people I met, and those who called Franklin Street for intake, that what homeowners want is a

[115] Interview, Jim, April 13, 2011, Owosso, Michigan.

modification. In a broader sense, yes, they want to maintain homeownership but far and away their preferred tool for doing so was a permanent loan modification into a 30-year, fixed rate mortgage. Donna, the Franklin Street client whose investor would not grant a modification, was emphatic that "*all* I want is a *30-year*, *fixed-rate* loan," punching each adjective for effect. She had not decreased her expectations throughout two years of applications and denials.

Indeed, most homeowners who sought housing counseling did so because they wanted lower mortgage payments (Jefferson et al 2012). Housing counselors presented a full range of loss mitigation options, described in Table 6, to their clients. Jim found that as clients became embroiled in the loss mitigation process, they experience "the realization of what was realistically possible for them, in going through this process, drops all that stuff off as they're moving through it."[116] Program administrators emphasized the importance not only of discussing possible home-saving strategies, that housing counselors also "do transition talk up front. It's not a loan modification. But they still submit the request."[117] These discussions show the contours of the shrinking content of citizenship rights for distressed homeowners. According to Cindy, "we try to avoid" the unitary focus on loan modifications. This is at odds with homeowners' desires, several housing counselors' sense of the best option for their clients, and economic rationality (who would not want a lower monthly payment?).[118]

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[116] Ibid.

[117] Interview, Cindy, April 11, 2011, Lansing, Michigan.

[118] In practice, early loan modifications tended raise a homeowner's mortgage payment (HUD 2010:45). Loan modifications may raise the overall amount homeowners repay and their monthly payments. This happens if a lender or servicer adds the past due payments

Homeowners were likely most familiar with loan modifications as foreclosure resolution because of their high public profile—yet I suggest this misses the point. Homeowners facing foreclosure confront the very real possibility of losing their status as privileged citizens. As the federal government's signature intervention in the crisis, loan modification, then, became a marker of citizenship in a time—both personal and national—when the substance of citizenship rights was being evacuated through austerity politics (c.f. Maskovsky 2012; Clarke 2012).

Evelyn Dagnino (2003) has suggested that, fundamentally, citizenship is the right to have rights. I suggest that demands for loan modifications even, or especially, when one could otherwise afford the monthly payment is a subtle way that distressed homeowners attempted to re-identify as recognized, highly valued members of the nation. Yet, the structure of their encounter—mediated by non-profit counselors and private lenders—perennially distanced them from that possibility. One housing counseling program director summarized the tension between clients' citizenship demands and her agency's position betwixt and between the state and private sector:

> If they thought that we work for their lender, they would be unhappy with us. They would be resistant maybe to provide information. They'd be combative sometimes, which even though we're not related to them, sometimes they are. Because they're under a lot of stress. If we're the government, we get a lot of calls asking for rescue funds—'I need money to pay my mortgage, or I'm applying for the HAMP, the making home affordable through you'—which is not the case. So we have to remind them that we're not the government.[119]

(arrears) and late fees onto the principal owed on the loan and re-capitalizes it. In this case, back principal, interest and fees become part of a larger loan principal, on which of course the borrower pays interest. If this adjustment does not also extend the term of the loan—for example from 30 to 40 years—it raises monthly payments.

119 Interview, Denise, April 14, 2011, Lansing, Michigan.

By demanding loan mods under the federal program, homeowners demanded the state's allegiance and support, while eschewing a citizenship of dependency. Housing counselors' expectation setting, in turn, diminished the possible demands on state resources, keeping the state distant from homeowners, protecting it from citizens clamoring for the right to a loan modification. Although clients may have fused (confused) the state's room to maneuver with that of banks, housing counselors reinforced the division of authority between the state and market. As Denise continued,

> Not only are we not the government, but to apply for that, you're gonna go through your lender. You're not gonna go through the government for that program. So I think w*hen they think that we're a government entity, they demand more. They feel that they have the right to receive whatever it is that they're looking for* (my emphasis).[120]

In effect, housing counseling not only mediated the pre-foreclosure process for clients, it created a mediated citizenship, where the state was both present and inaccessible.

2) "More informed decisions as consumers"

Housing counselors did not often directly tell clients what to do, especially regarding a final decision on keeping or giving up their homes. Bluntly, counselors did not want their agencies to be sued if they suggested a course of action that goes sour. Their legalistic rationale was embedded in a wider field of expert knowledge based on eschewing final authority. It is an effect of the way freedom of choice is the preferred method for making people into responsible subjects. Positively framed, counselors equate respect for choice to respect for personhood. Denise, a housing counseling agency director explained to me that

> We have to be careful with the advice that we give because as a counselor we help people find solutions to their problems or to the situations, but we have

[120] Ibid.

> to help them find the answer. We can't tell them the answer. Because after all, who are we to tell them whether or not they're ready for something or whether or not in a foreclosure prevention case, you absolutely need to sell your house, that's your only option—we can't make that decision for them...If you look at the various different counseling roles, let's say a marriage counselor or a family counselor—in that counseling capacity, those counselors are not telling their clients what to do either. They're helping them gather information, talk through the situation, and in the end, at the end of the day, helping that person make better decisions. And that's what we do. We help them make more informed decisions as consumers. But we can't tell them what to do.[121]

Counselors located themselves simultaneously as experts and as nobodies, for as Denise said, "who are we to tell them whether or not they're ready for something." Most counselors had cautionary tales about how breaking this professional taboo went poorly, examples then marshaled as evidence of the importance that they not claim to know better than the client. When Jim first started counseling in a rural community east of Lansing, he "got excited for" a family who was offered a loan modification that he encouraged them to take.

> But I didn't realize that was the family that had all the repair issues in the home. And they were seeing it as unaffordable moving forward. And they had already turned the corner in their whole process of dealing with it for whatever decade that they had dealt with the instability of their finances or whatever they were dealing with. I didn't have all that back-story. I was just seeing the great structure that they were gonna get to help them, and so that made me realize that they're the ones that have to take that information and really choose what's best for them.[122]

Professional wisdom returned to the issue of choice-as-empowerment and information as the panacea. When counselors did make suggestions, they hedged: "This is not the best

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[121] Ibid.

[122] Interview, Jim, April 13, 2011, Owosso, Michigan.

mod I’ve seen but it’s the best we’re going to get. I’d take it. It’s up to you but I think this is a decent offer.”[123] The way they try to help people see their options is to do the budgeting exercise to look at the money coming in and money going out and let that be the method of convincing the person of their best choice. Jim continued that if homeowners are “making an informed choice, and they've explored all of their options, then their direction is gonna already almost be pre-determined.”[124]

These strategies represent an important leitmotif in American governance based on rational choice economic theory. Information economics was a monumental breakthrough in economic theory in the 1970s. The field is based on the recognition that when people have different amounts and qualities of information (information asymmetries), the people involved in the exchange are not on an equal playing field and, therefore, the person with less information cannot make a rational choice. The proposition then is that if people can get full information, they will make rational economic choices.

As the federal government began to adopt a more free market orientation beginning in the 1980s, information economics was implicit in the worldview policymakers brought to their strategies. In mortgage lending, one can point to the expansion of mortgage disclosure requirements as the primary means of consumer protection (HUD 2010). The assumption is that as consumers have access to this fuller range of information, they will be able to rationally choose a loan that is non-predatory and best suited to their financial health. However, the opacity of the most predatory mortgages that were issued in the early

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[123] Fieldnotes, April 12, 2010.

[124] Interview, Jim, April 13, 2011, Owosso, Michigan.

2000s often means that even housing counselors, some of them former loan officers, have trouble parsing the terms of a loan.

3) Dedication

Ensuring clients' trust was a priority for housing counselors and one of the main ways they did so was through an ethic of selfless dedication. Jim felt that he was

> pretty fortunate that…I have a good clientele base…Here, there's a lot more interaction because it's much more involved. I think—we set the expectation up front. You know? You talk to them for a while, they feel comfortable with who you are. They're kind of entrusting you with their whole life, basically, or at least a snapshot of what they're willing to show you. But when you're looking at someone's financials, you're seeing their spine basically. So you develop that relationship right up front.[125]

Likewise, Juanita was fond of telling me how negotiating with servicers was like "going to bat with your hands tied behind your back."[126] That predicament was sometimes made worse for her, and other counselors, by clients who were non-compliant, such as by not supplying all their financial paperwork or worse, by hiding some of their assets from the counselor's budgetary scrutiny.

On her 30-minute commute into and home from work nearly every day, Tami, for example, was taking phone calls from her clients—both to reinforce mutual trust and simply to get through her perpetual backlog of voicemail. Unnecessary foreclosure was the most troubling possible outcome as far as Tami was concerned. In my last interview with her, she made clear how much the prospect of unnecessary foreclosures troubled her. "Everybody that comes here I wanna help, and I probably shouldn't, and if somebody gets

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[125] Interview, Jim, April 13, 2011, Owosso, Michigan.
[126] Fieldnotes, April 14, 2010.

denied, I don't just take no for an answer—I see if there's any possible way, because I don't feel like I've done my job to the best if I don't. So then it makes it even more busier, that I don't really have time for, but I would hate to see somebody lose their house that really could have kept it. That's disturbing to me."[127]

Yet the very ethics and practices that I saw counselors most fervently practicing were those that program directors and industry leaders dismissed as excessive. "Counselors throw a hail Mary pass," one former counselor turned program manager said, when they submit loan modification applications for clients without the numbers to sustain it. There's "no math, no analysis," her colleague, another former counselor, concurred. This duo expounded on the affective weaknesses that lead counselors into unnecessary work: "They sit face-to-face with someone and feel they have an obligation to submit and prepare all alternatives. It's possible counselors clog up the system to appease clients." Instead, counselors' process should be "paperwork to servicer, turn over" responsibility to the client.[128] When counselors fail to do that, they not only increase their workload and emotional burden, they lose money for their agencies because resubmissions are not eligible under the major funding guidelines.

Although counselors prided themselves on knowing lender and program guidelines better than any other professionals—a point program administrators also emphasized—counselors' emotional involvement with clients may lead them to "justify asking for a loan modification even if the client's not qualified to buy the client time. [But] this is

[127] Interview, Tami, October 22, 2010, Lansing, Michigan.
[128] Interviews, Cindy, Laura and Charlene, April 11, 2011, Lansing, Michigan.

business."[129] This tension between "emotion" and "math" undergirds a broader push for professionalization in the field that is carried out through the discourse of emotional detachment.

4) Confining Distress: Housing Counselors as Emotional Managers

Housing counselors, while advocates for homeowners' best interests, also engaged in managing and constraining their emotions. Facing foreclosure is an intensely emotional and volatile state; counselors knew this and were divided about how to address their clients' feelings. There was agreement, though, that letting too much emotion surface in the counseling encounter could be problematic. The best practices taught by industry leaders are to not emotionally engage with clients because to do so would derail the focus of the session and detracts from its quality as a business encounter. In June of 2010, I attended a weeklong training provided by NeighborWorks America, a Congressionally-chartered non-profit and one of the largest organizations in the housing counseling industry. About 35 counselors from across Michigan gathered in a basement conference room at MSHDA. We sat at small conference tables scattered throughout the room, about seven of us around each table. The setup facilitated small group work for certain exercises and made the room feel less formal, less oriented to lecture. The lead trainer, Frank, had flown in from Washington, D.C., and the assistant trainer, Daryl, had come from Philadelphia. A major theme for Frank over the course of the five days was that counselors need to set expectations with their clients. He and the organization as a whole are advocates for standardizing and professionalizing the industry. In 2007, NeighborWorks promulgated

[129] Interview, Adrian, April 11, 2011, Lansing, Michigan.

the first National Industry Standards for Homeownership Education and Counseling; organizations that have adopted the national standards and corresponding code of conduct "can be trusted to provide consistent, high quality advice" (NeighborWorks America n.d.). In the training, Frank exhorted counselors to be less emotionally invested with their clients. He said that counselors tend to see their roles as big brothers or big sisters—but they are not. Counselors should have "empathy not sympathy. Don't make it personal because then it's hard to tell them they're going to lost their house." Testing the room on the proposition of emotion management, he asked, "What do you do if someone cries in your office?" A woman on the other side of the room from me replied, "Cry with them," to which there were some murmurs of agreement. Frank, who used to be the director of a counseling agency, had a counselor there who would cry with her clients. If the counselor herself cried, "I know I've lost her." Once a client began to cry, it was hard to get the meeting back.

As part of the professionalization push, Michigan agencies had become more interested in hiring counselors who had backgrounds in loan underwriting, real estate, or finance than in social work or human services. Before the foreclosure crisis, program directors had the opposite belief—"we can teach you math."[130] Yet, emotional management remained one of the primary functions counselors must perform. They were actively involved in shaping their clients toward a personhood that could embrace change, but was also unfailingly committed and organized, enterprising, and resilient—precisely the kind of self-responsible individual conjured up in the American dream ideology (McGinnis 2009).

[130] Interview, Laura, April 11, 2011, Lansing, Michigan.

There was tension, though, among the ethics and practices I have described here. Housing counselors understood their commitments to serve any client, even if their case was not "a slam dunk," and willingness to resubmit innumerable modification requests evinced compassion and an ethic of service that was indispensable to high-quality counseling. Yet, industry leaders exhorted them to erect emotional barriers between themselves and their clients—and, indeed, around clients' own emotions—and criticized instances where there was "no math, no analysis." Even as counselors felt burdened by all their unbillable work and had misgivings about their minority of undeserving clients, they continued to engage with homeowners' quest for a state-sanctioned modification, the goal seal of a salvaged claim to be a prized political-economic subject.

It's After Hours: The Limits of the Law

When I met Timm and Maria Smith in late summer of 2010, they were living with their two children, ages eleven and eight, in a twelve-by-fourteen foot tent designed for hunters' use at seasonal camps. The tent was pitched in a patch of woods on the twenty-acre farm they owned until it was foreclosed. They were evicted from the house and all the outbuildings were locked in May of 2009.[131] Through a series of legal and illegal actions, only a portion of the property was foreclosed. The Smiths had an informal truce with the local law enforcement that let them access the back five acres of the farm; at the same time, they were in a legal fight with the municipality over the property's ownership.

At the road, the property was shielded by a dense cluster of trees and there were

[131] The foreclosure sale was in May 2008. In Michigan, residential homes have a redemption period of six months; properties over two acres have a twelve month redemption period because they are classified as farms.

“Posted: No Trespassing” signs on the trees and open gate. The township police hung the signs after the eviction. Slightly wary—both to be trespassing and to be following a family I had only just met into the woods alone—I followed their green Camry a half mile up the drive before the homestead came into view. As we toured the property, the couple told me not to worry about the No Trespassing signs. “It's after hours…After five o'clock we can use the rest of the property so we let the horses go and graze over here and everything.”[132] The notion of the property not being foreclosed “after hours” is an apt metaphor for how homeowners in this crisis experienced the state as a bifurcated entity—alternately occupying and vacating the bounds of legitimacy.

Legitimacy emerges in conjunction with a pair of related concepts, efficacy and an absence of corruption. Governing powers achieve legitimacy when all these qualities are present—when there is, according to Weber (1990), “rules that are rationally established by enactment, by agreement, or by imposition…[resting] upon a rationally enacted or interpreted ‘constitution’…[or] impersonal norm” (294). Weber’s insistence on impersonal norms is a contrast to corruption in the sense of using public office for personal gain. Following Drexler (2008), I think of corruption more broadly, not just as public officials’ personal greed, but as distortions that make institutions incapable of carrying out their mandates. This brings me to efficacy. A state is not a legitimate if its agents cannot produce their intended results. A great topic of contention for distressed homeowners and the broader American public continues to be the slippage between the state’s failures owing to (1) corruption (both graft and distortion) and (2) those due to inefficacy—especially where financial institutions and economically battered citizens are concerned.

[132] Interview, Timm and Maria, September 22, 2010, Fenton, Michigan.

The state is not, of course, a unified entity but an overarching concept and mode of exercising power that appears more or less coherent at different times (Abrams 1988; Trouillot 2001; Aretxaga 2003). Homeowners were aware of the state as multi-layered and multi-faceted: from the distinction between politicians and functionaries to different layers of government that affected them when they faced foreclosure—township and city, county, courts, the state of Michigan, and federal government. Frequently, when one of these levels or types of government acted illegitimately, people turned to other levels or arms of government, retaining the ideal that "the state" in the abstract is rational and legitimate but looking for the person or office that most closely aligns with their sense of justice. Nor is legitimacy a yes or no proposition but rather a quality on a spectrum that people experience in different arenas. For example, homeowners struggling to pay their mortgages sometimes felt that the government (usually federal) is illegitimate as a protector of homeowners' interests against those of financial institutions. Many of these same people simultaneously drew on government benefits such as unemployment insurance, food stamps, or Social Security and did not feel the state's actions to be inept or illegitimate in those endeavors. For homeowners I interviewed, the state failed in key ways to act legitimately—that is, effectively and without corruption. In the rest of this section, I present a case study of the Smiths' farm as a way to talk about the challenges and limits of the state's legitimacy, the law, and experiences of the state's power in the foreclosure crisis.

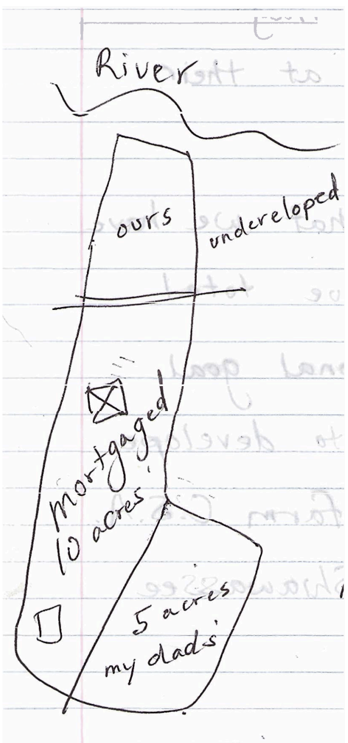
Evicted

Timm and Maria bought the twenty-acre property in 1989 through a $30,000 land contract. Land contracts are a type of seller-financed real estate transaction that function like a rent-to-own agreement. An owner agrees to sell a property to the buyer but retains the title to the property until the buyer pays it off in full. Instead of using a mortgage to pay the full amount right away, the buyer makes installment payments directly to the seller. Usually land contract buyers make a down payment, contracts are shorter than traditional mortgages, and there is almost always a balloon payment at the end of land contract. In Timm and Maria's case, Maria's parents paid off the land contract four years after they entered it. Maria's parents kept usufruct on five of the acres near the road. That means that in 1993, the extended family owned the property free and clear.

Maria and Timm ended up with a mortgage after they invited Timm's sister Michelle and her husband Frank to live on the farm after a medical emergency. Timm and Maria were living in a cabin he built on the property, paying $300 a month on the loan for it. Michelle bought a large modular home for herself and Frank to live in, which they financed with a mortgage on the full twenty acres of property. When Michelle and Frank left the farm after two years, they transferred the property title back to Timm and Maria, who moved into the house left by Michelle and Frank. Michelle demanded to get paid, forcing Timm's hand to get "a mortgage that was more than I could afford."

The mortgage they assumed was more than they could afford even though Timm and Maria were making upwards of $90,000 a year on his earnings as a journeyman homebuilder. To address the affordability problem, they refinanced with the now-defunct Republic Bank, mortgaging only the ten central acres of land around the house. The sketch below, which Maria drew for me on a sheet of notebook paper, shows how the L-shaped piece of land was divided up in the mortgage. Maria's parents owned five acres at one edge of the property and live there; Timm and Maria have another five acres at the rear of the property. The mortgage was taken out on the ten acres in the middle of the property. Timm understood this as a safety mechanism for his family: "So at least five was paid off in case anything happened…the [mortgage company] did the ten acres and the two fives." Instead, this safety net proved to be an illegal mortgage that had not been sorted out nine years later.

Figure 3. Sketch of Farm Layout



Sketch by Maria Smith.
Note: Text reads, from top to bottom, left to right: River; ours; undeveloped; mortgaged 10 acres; 5 acres my dad's.

The core problem with mortgaging "the ten and two fives" is that all twenty acres were recorded as one land parcel in the county records office. Each land parcel is assigned a unique parcel identification number for tax purposes. Property transfers, mortgages, tax collection, and other actions on land can only legally occur on an entire parcel. Only county officials can legally split parcels—that is, mortgage officers cannot. When parcels are split, each new one is assigned a new property identification number and legal description. When Sarah and I bought the house between us, we submitted a lot split application and had the new half-lot added to the legal description of our original lot.

The Smiths could have legally mortgaged "the ten and two fives" separately if they had applied for a parcel split before they refinanced the mortgage. Splitting the twenty-acre farm would have entailed filling out an application to the county board for the splits, writing a justification for how and why they wanted to split the parcels, and waiting for simple bureaucratic approval. Had they gotten legal approval, the Smiths may have drawn the boundaries differently than they were de facto drawn, since only the contested ten acres had road access (hence their daily trespass). They would have still legally owed the amount of the original mortgage and needed to arrange with that company to either take out loans or come up with cash to cover the outstanding balance on the original mortgage. They could have then paid off some of the acres in full or held separate mortgages on the pieces of the farm.

Instead, on the advice of the mortgage officer, the couple mortgaged ten acres, choosing ten acres because that was the maximum size parcel for which Fannie Mae will buy mortgages on the secondary market. The loan officer used the parcel identification number on record for the full twenty acres but wrote the loan corresponding to the central ten-acres. Writing a mortgage on half the property was technically illegal and, with the foreclosure of the farm, has led to a protracted legal battle.

Since the land was not legally split, the mortgage should not have been allowed to go through because it did not correspond to the whole parcel. The bank's officer misrepresented the mortgage to the Smiths, to Fannie Mae, and to the title insurance company. Title insurance is a kind of insurance that mortgage companies require borrowers take out when they purchase property and protects the lender from any losses they incur if there are competing legal claims on a piece of property. Title insurance agents conduct a search of county records of transfers of the mortgaged property to ensure there are no other liens or competing claims on the land. In industry parlance, they do due diligence to ensure that there is "clean title," meaning the parties to the mortgage have the legal right—and the sole legal right—to enter into contracts on the property. If not, the title is "clouded," meaning that multiple agents have legitimate claims on the land.[133]

No one involved in the Smiths' transaction—mortgage officer, bank's underwriting department, title insurance company, appraiser, county register, Fannie Mae, and the Smiths—caught the fraud at the root of this contract. If the title insurance company had examined the mortgage in-depth, the agent might have realized that the mortgage did not correspond to the whole property—and that therefore the Smiths had a stake on the back five acres and her parents had a stake on the front five acres. Maria went along with the mortgage officer's suggestions because "we didn't know anything and had total trust because they're an institution, a bank." Discovering fraud in her mortgage contract eroded Maria's confidence in the legitimacy of financial institutions and state agencies that should enforce laws to prevent fraud. In a qualitative, interview-based study, Ross (2009) found that homeowners who have faced foreclosure almost all lost trust in mortgage and financial institutions. While that was also clearly the case for families I interviewed in Michigan—and of concern to housing professionals—disillusion did not end with financial institutions,

[133] A title can also be clouded if the owners are delinquent on their property taxes. If back-taxes are owed, the county has a legal claim to foreclose to recoup the taxes.

but extended to state institutions that are supposed to act in the best interests of citizens. Disillusion with the state has worsened through their post-foreclosure legal battle.

In 2004, Timm broke his back. The next year, he had a stroke at age 48. Although the couple had been able to afford the smaller mortgage, Timm's medical bills and inability to work caused the family to get behind on the mortgage in 2007. In 2008 they stopped paying entirely and the county sheriff foreclosed. The Smiths continued to live in the house for the entire one-year redemption period that is offered to farm properties, until eviction in May 2009. Before the eviction, Maria and Timm, "basically just had to drag everything like 500 feet" to the back five areas of the property. "It's ridiculous but we had to do it," Maria told me as we toured the property. Behind the now-locked barn that Timm built just before he broke his back were strewn household goods, family heirlooms, and equipment for working the land. Aside from taking their personal belongings, the Smiths left the house as intact as possible, including the relatively new kitchen appliances. When the sheriff's deputies and eviction crew arrived, they roughly tossed any remaining items, including the new refrigerator, into a construction dumpster, effectively ruining them. Maria did not realize she might be entitled to keep the appliances, even if she had some place to store them.

Waste and household destruction have a strong moral undercurrent in foreclosures. There is a lot of discourse about foreclosed homeowners vandalizing their houses before eviction to vent their anger and exact a small amount of revenge on the banks. Several homeowners I interviewed mentioned leaving their homes in good condition as a matter of dignity. That Maria and Timm left the home in good condition with quality appliances for the next owner—only to have them trashed and wasted by the county's clean-up crew—was a small but lingering insult.

Of all the losses that investors incur as a result of foreclosure, preservation and maintenance—which includes repairing damage as well as code compliance upkeep like mowing the lawn—account for only 9 percent of financial losses (Cutts and Merrill 2008). Damaged real estate-owned (REO) properties accounted for 14 percent of home sales in March 2010, according to a survey of real estate market conditions, meaning that 86 percent of foreclosed properties are not damaged.[134] A significant portion of property damage occurs after homeowners are evicted—most often when people strip out the copper piping to sell as scrap metal. When we bought the house next door, one of the teenaged boys who hung out in the neighborhood knocked our door to ask what we were planning to do with the house. When I told him we planned to tear it down, he asked if we would mind if he took the pipes for scrap, if we were not planning on selling them ourselves. To save him the trouble of kicking in the back door or a window, I lent him the keys. During their ordeal, Timm, too, learned what a substantial contribution scrap metal can make to people's livelihoods. "We needed the money so bad," Timm scavenged the copper from a piece of his own equipment, netting one hundred and forty-eight pounds of copper, for which he got $468 at the scrap yard.

> I thought I was going to be the only person there with a hundred and fifty pounds of copper but four people came at the same time I did—all three of 'em had as much or more copper as I did. It was the copper piping from the houses and everything else they could get from Flint and the surrounding

[134] National Mortgage Professional. 2010. "Survey finds nearly 50 percent of home purchases are distressed properties." March, 22, 2010. Electronic document available at: http://nationalmortgageprofessional.com/news16738/survey-finds-nearly-50-percent-home-purchases-are-distressed-properties. Accessed December 30, 2011.

> area. The people, in order to survive, are going into the abandoned buildings—vacated buildings—and stripping them and then turning them to make cash flow.[135]

Given the small portion of losses caused by homeowners' vandalism, in particular, the industry and cultural emphasis on homeowners' vengeful behavior is outsized compared to its actual cost. The largest losses are on unpaid interest (24 percent), resale transaction costs such as realtor commissions and incentives offered to new buyers (21 percent), and loss of unpaid principal that is not recouped at resale (20 percent) (Cutts and Merrill 2008). Mortgage servicers and investors have developed a range of strategies to help minimize their institutions' losses on foreclosures but some are inevitable. One strategy offered by servicers to prevent homeowners from vandalizing their properties is "cash for keys" programs that help pay foreclosed owners' moving costs—provided they have not vandalized the home before leaving. Willful promotion of this caricature may be a further arm of lenders' and policymakers' shaming of homeowners as a loss mitigation strategy. Instead, allowing distressed homeowners to remain in their properties—either through foreclosure mitigation, the redemption period, or converting them into renters—is a potential strategy to benefit resident families, the neighborhood, and lenders. In fact, because of the extent of abandoned and derelict properties in Detroit, the city created a pilot program (Retaining Occupancy on Foreclosure, ROOF) to help foreclosed homeowners and preserve the quality of their housing stock.

Once Timm and Maria were out of the house, they pitched their tent in a cluster of trees just beyond the field with most of their remaining belongings. Nearby was parked a recreational vehicle (RV) where they had slept in beds until the RV's roof sprang a leak.

[135] Interview, Timm and Maria, September 22, 2010, Fenton, Michigan.

Timm was working to fix it but when I first went to the farm, the family was using the RV in the daytime and for storage but sleeping in their secondhand tent. They also use the RV's kitchen—"hook up a generator and cook off a hot plate when the weather's not good." Otherwise, they had set up an outdoor kitchen with a grill, camp stove, and bins for washing. Timm built shelving to hold some of the kitchen wares and others were nailed to tree trunks and hanging on a line run between trees. The RV's awning was propped up and underneath it was arranged full-sized living room furniture—a couch, two loveseats, and an ornate octagonal coffee table with a metal inset. This Mexican table was an inheritance from Timm's mother. "Bottom line, it does look really scraggly and I feel really vulnerable because all my stuff's out here, getting ruined in the weather but it was either that or pay huge bucks for a storage unit and I just couldn't do it, so we just simply..." Maria's voice trailed off and she scanned the field with trailers and tarps trying to protect their belongings from the sun and the upcoming winter.

The Legal Battle

The foreclosing sheriff plays a key role in understanding the political economy of foreclosures. In this moment, his chief role is to enforce contract law and, specifically, private property rights. More than any other functions, these are the most central mandates of a capitalist state (e.g., Friedman 2002; Jessop 1990). In the case of foreclosure sales and evictions, the sheriff is the state's enforcer of the legal contract that requires the forfeiture of property back to the lender.

The Smiths contracted their mortgage with Republic Bank in 2002 but the loan had been sold several times by the time of foreclosure, and it has continued to be transferred since then. According to the county register of deeds, after the sheriff sale, the property has been registered to a number of entities, according to a county employee: "Federal National Mortgage, then to PHH Mortgage—whoever they are," she laughed, apparently amused by the sheer number and non-identity of mortgage companies. "Then the township to...this computer doesn't show the township as the grantor [back to Timm and Maria]. There's nothing from the township. But what's most accurate and up to date says it's deeded to Timm Smith and Maria C. Howard Smith."[136] The county's records reflected the Smiths's lived experience of both owning and not-owning their property because of some amorphous involvement of the township.

When the county foreclosed on the property, the Smiths and the title insurance company learned that Timm and Maria's claim on the back five acres of the property created a clouded title problem. At a settlement meeting, the title insurance agent—who then realized the company would be on the hook to pay Citizens Bank a claim on this large tract of land—offered to buy the other acres from them on the spot. In an effort to avoid a large insurance payout, the agent continued to call the Smiths and Maria's parents offering them a number of deals that would cost him less than lender's insurance claim. "I'll give you $5,000 and an easement to the back five acres if you give me the front five," Maria recounted. Maria and Timm were resolute about not ceding those five acres, as ere her parents with the other five acres.

Although under normal circumstances the property would have gone back to the bank after foreclosure, the bank could not accept it because it cannot resell a piece of land without clear ownership rights. The farm is therefore useless to the bank as a foreclosure

[136] Fieldnotes, October 15, 2011.

so it deeded the property over to the local government, the township board. The township then held the clouded title to the land but also could not resell or develop it. It was at this point the township posted the No Trespassing signs around the farm's entrance and on the locked house and outbuildings.

The Smiths were arguing with the help of a lawyer that because there was clouded title, and the mortgage was fraudulent in the first place, the township should give the land with the house back to them. Further, they contended that subsequent to the foreclosure, the township took a number of actions that are illegal because the basic contract on which they are acting (the mortgage) should be declared null and void. Their petition, to which the board did not respond, read, in part:

Figure 4. Letter to Township Board

To Holly Township Board:

This property was deeded to the township because it has no clear title. The banks, mortgage co. & title insurance co's lawyers decided it has no value and gave it to the township. Maria & Timm Smith would like to propose that the township gift the property to us who have the other part of the parcel.

Currently there is a house, two out buildings & a barn. The house & 2 out buildings have been condemned by the building department. This creates a financial & liability problem for the township as they will have to tear it down at their expense.

Basically we feel that we have a legitimate position to pursue total ownership. And our personal goal with the property was to develop it into an organic mini farm C.S.A. with canoe livery off the river.

Sincerely,
Maria & Timm Smith

A separate group of legal activists in Wayne County made a similar point as the Smiths regarding invalid legal instruments. Yvonne was a housing activist who had been active in fighting evictions in Detroit and, in partnership with attorney Chiketa, filed a class-action lawsuit against the sheriff of Wayne County for improper foreclosures and evictions carried out by former sheriff Warren Evans. Having traced back the names of evicting officers, they have discovered that the sheriff did not properly deputize agents sent to evict Detroit residents. Michigan law stipulates that only the sheriff can deputize people to act as the sheriff's representative in foreclosures and that transfer of authority has to be direct and in writing: either the sheriff has to give authority to deputies directly, or delegate that authority to someone else in writing. Instead, Evans apparently verbally authorized someone else in his office to deputize more under-sheriffs to help handle the tremendous volume of foreclosures in Wayne County. It was this breakage from the letter of the law—the sheriff's verbal authorization of a surrogate instead of written authorization—that activists claimed invalidated every action going forward in cases carried out by the improperly deputized agents—sheriff sales, foreclosures, evictions. "[I]f you have an invalid instrument," in this case the improper deputization, "then you can't proceed forward."[137]

Chiketa acknowledged that the basis of the case was a "hyper-technicality" but was rooted in two convictions about legal rigor: First, if homeowners were held to the exact letter of the law regarding foreclosures, then the state must be as well. Homeowners have been found liable for a strict interpretation of foreclosure law, for example, no extensions of the six-month redemption period for extenuating circumstances. Second, if there was no record of transferring the sheriff's authority from himself to a deputy, then the public has no proof that the law has been followed. If deputization rules are not followed, for example, any actor can usurp the power to act in the state's name. In the extreme, then, this could mean that anyone is able to usurp the state's authority by declaring themselves to have it.

[137] Interview, Chiketa, October 20, 2010, Detroit, Michigan.

When the state fails to follow the letter of its laws, the state's power is vulnerable to imitation by anyone. Even though, as many scholars argue, the state's ultimate claim to power is to be able to claim an exception to the law (Agamben 1998), the legal cases I have discussed rejected foreclosure proceedings as a legitimate exception. These petitioners expressed a faith in the legal system by using the courts to challenge the state's claim to act as the embodiment of the law.

In the case of the Smiths' farm, they argued that the invalid instrument was the original mortgage, so any actions founded on the authority of that mortgage are, therefore, invalid. With the help of a lawyer, the Smiths filed a quiet title action, which is a lawsuit to remove the cloud on the title and the township's claim to the land. The township's lawyer has stated that the township did *not* have a claim on the ten acres that Timm and Maria own outright and only wanted to lay claim to the ten acres given to the township by the lender.[138] Seemingly, then, the township could propose a legal parcel split that preserves the township's ownership in the central ten acres and the Smith family's ownership of ten disconnected acres but the Smiths are resolutely not interested in settling for less than total ownership plus damages from the township.

On one hand, it would be easy to say that they are simply grabbing at a loophole that would them get back their property when they did not, in fact, keep up their end of the mortgage contract. This was how the judge first viewed their petition. According to Maria, the county judge who they appeared in front of has little patience with homeowner's petitions for exceptions to their foreclosures. Her approach to foreclosure is generally, "Did

[138] http://www.tctimes.com/news/local_news/holly-township-man-fights-red-tape-to-keep-property/article_d1166580-f1c7-11e0-b0cd-001cc4c002e0.html

you borrow money? Did you pay it back? Was it foreclosed? You're done.'" Although Maria and Timm would undeniably love to regain ownership of their property without repaying the outstanding mortgage balance, they—and a large number of other homeowners and lawyers—were making a broader legal and ethical argument with their lawsuits. The argument is not about whether or not homeowners got behind on their payments but whether the state has abided by its own laws.

Recognizing that the state's agents are representatives of the law does not, however, mean accepting them as experts on it. Two families I interviewed, including the Smiths, argued that Michigan judges are not educated about foreclosure fraud. Maria considered her attorney much more knowledgeable than the judge, "but it was [the judge's] first pass at this; she doesn't really know what to do with the case…Hopefully as she gets educated about [our case], it'll go our way." In her initial ruling, the Smiths' judge did not decide in their favor. The judge dismissed the case with prejudice (meaning the case could not be re-filed), granting the township quiet title to the *ten* foreclosed acres. The ruling repeated the original flaw in the mortgage—the judge effectively usurping the township's authority to divide land parcels. Therefore, with the help of an appellate attorney, the Smiths returned to court a few weeks after the judgment against them. As Maria described it:

> Suddenly law clerk put paper on judge's desk to clarify a point of law. The judge looked at it and said, "All lawyers to the hallway immediately." We heard a lot of yelling, the attorney for the township arguing with law clerk. They came back after we waited 45 minutes waiting for judge to come back. The township's attorney was visibly upset and red in the face. She's big-time, from Detroit, very scholarly and everything.
>
> The judge says, "this doesn't happen very often but I have to reverse my ruling. I have made an error in my ruling. I formally withdraw having issued quiet title to the

township. The motion was not before me and I rescind my ruling."[139]

Maria's understanding of the arguments was that the law clerk finally went through her attorney's filing and the objection to the land having never been split. The clerk realized that the judge did not have the authority to split parcels from the bench. Maria and Timm have taken their case to appellate court and expected their case to be ruled on sometime between October 2012 and April 2013.[140]

Aside from the legal arguments the Smiths made, their experience with the township was also one of moral and political disillusion. Timm contended that, headed by the township clerk, the governing board was making a land grab of all twenty acres in order to install a public canoe portage on the Shiawassee River. He argued that the state and its officials had lost even the most basic moral compass:

> Do unto others as you'd have 'em do unto you. It's almost thou shall not kill, thou shall not covet your neighbor's wife or their goods or anything else! That's exactly what I'm up against with Holly Township. They're coveting my land and they try everything they do, short of being caught by a prosecutor, to try and drive me off. And as long as that kind of corruption exists even on the local scale, all the way up through, that's why I say I have no hope. Because as much as I fight 'em, the police back them. And because they are here to uphold the law, even though the law was created by lawyers simply to cost the rest of us a lot of money.

Timm recognized the inherent coercive power of the state to have the police curtail his protests. Yet, as he and Maria trespassed up their driveway every evening, they attested to the limits and contradictions in the state's power. In spite of his cynicism about local

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139 Fieldnotes, October 15, 2011.

140 As of April 2013, no hearing had been scheduled.

elected officials, Timm evinced a conflicted confidence in the possibility of justice, that these politicians may get caught in malfeasance by a prosecutor.

The Smiths' farm is an extreme case but shows, in higher relief than normal, the confusion over the law being played out in the mortgage crisis more generally. I take their case, pressing up against the limits of law and citizenship, to be illustrative of the kind of contested, negotiated reduction in the substance of citizenship rights in crisis.

Chapter 6: Conclusion: Governing Uncertainty

This dissertation is a study of crisis, citizenship, and state power as refracted through foreclosures and interventions against them in Michigan. I have argued that the widespread loss of homeownership demonstrates ways that the form and locations of state power and, consequently, citizenship are changing. In this conclusion, I identify cross-cutting themes in the chapters, and summarize the dissertation's contribution to the field.

As a result of Wall Street investment banks' subprime lending, and its reverberations throughout all sectors of the economy, more than 4 million Americans lost homes to foreclosure from 2007—2012 and an estimated 12 million were in mortgage distress of some kind. More than 500,000 of the nation's foreclosed homes—nearly one in eight—were in Michigan. The bursting of the housing bubble inverted the conventional wisdom about American real estate: that prices would always rise, that it would always build wealth for homeowners, that there would never be a nationwide collapse. Through foreclosures and falling housing values, Americans have lost an estimated total of $19.4 trillion of household wealth. While white households lost an average of 6.7 percent of their wealth, African American and Latino households have lost a staggering 27.1 and 41.3 percent, respectively (Sullivan et al. 2013).

Traditionally, in times of economic and social crisis, Americans have sought refuge in the home as a moral space insulated from the threats to historically-grounded visions of the good life (May 2008; Coontz 1992; Low 2003). In some ways the Great Recession repeats this pattern—as in my informants' nostalgia for the pre-1970s, and wider renewed interest in homesteading, women's traditional domestic crafts (fueled in no small part by social media such as Pinterest), and renewed debate about the feminist merits of women's labor market participation or stay-at-home mothering, even as women for the first time became the majority in America's workforce. Fundamentally, the Great Recession confounds and doubles down on the homeward turn: the crisis is not "out there" separate from a domestic "in here." The crisis is of and in the American home. In some ways this makes the tenacious, nostalgic turn toward the good old days of self-provisioning—symbolized today by the return of backyard chicken coops—all the more culturally relevant for those who can access it. The larger point is that the housing and economic crises of the last six years have upended not only economic safety in new and starker ways, but that they have done so in ways that inherently trouble society's coping mechanisms. Each of the dissertation's ethnographic chapters examined ways the housing crisis inverts (or perverts) cultural and institutional expectations. This jarring breakage at the individual, institutional, and cultural levels—but the mandate to do something anyway—is what I termed governing uncertainty.

What I suggest with this term is that, on one hand, uncertainty is a prevailing conundrum for homeowners facing home loss, as well as for program administrators, housing market analysts, and other folks living in Michigan communities hit by foreclosures and the recession. At the personal level, governing uncertainty builds on a body of research about ontological security—that is, a sense of safety, predictability, and stability about the world and one's place in it. Homeowners have been found to have particularly high ontological security because their living arrangements are more stable than renters' (Ross 2009; Fields, Libman, and Saegert 2010). Home loss, therefore, is highly likely to disrupt ontological security, especially for those who have formed an identity—

purposefully or not, for they are profound social metaphors—around American tropes of upward mobility and the American Dream.

Additionally, governing uncertainty indexes state and private interventions attempting to manage the chaotic foreclosure milieu. To make this argument, I drew on theories of crisis and of the state. In broad strokes, crisis interrupts the normal course of social life, defying both received wisdom and models that purported to predict the future. According to Koselleck, crises occur when long-standing but hidden contradictions can no longer cover over one another. LiPuma and Lee (2004) note that catastrophic economic events are ones that were not predicted by any model. By definition, when an event has not been predicted, there is no pre-existing repertoire of responses equipped to handle the situation. Their case is concerned solely with financial crises but I argue that the point generalizes well. For these reasons, uncertainty, vulnerability, and indeterminacy prevail in crisis situations. Their unfixity create conditions of both possibility and generalized confusion and dismay. In particular I explored in the ethnographic chapters how Michiganders responding to the crisis, especially homeowners, encountered banks and the state alike as shifting unpredictably—between nefarious, incompetent, protective, or collaborative; between magical and rational; between legitimate and corrupt; legible and illegible.

One of my key claims is that the foreclosure crisis is eroding the lived experience of American citizenship, both because it costs (or at least threatens) citizens' most valorized, moralized purchase and because it undermines their sense of the state's loyalties. I anchored this claim in an analysis of homeownership as central to American cultural citizenship. Following scholars including Marshall (1950), Dagnino (2003), and Cruikshank

(1999), I consider citizenship as everyday social practices rather than only formal relationships and state-based recognition of rights. Marshall (1950) argues that a legal relation of citizenship bestows the same rights and duties on all members of society to create equality among them. He concludes that citizenship will always be at odds with capitalism, because it reproduces material inequalities. Yet, American ideology has equated full Americanness with middle classness, so much that citizens have historically believed it encompassed almost everyone (Ortner 2003). Within this political economy, consumption is a right that citizens hold dear. Berdahl (2005) argues that studying consumption as a citizenship unites practices across state institutions, the public sphere, the market, and experiences of the self as a moral subject. No purchase has been more dear, more sacred, or more "American" than a single-family home. Indeed, Perin concluded in one of the first ethnographies of American homeownership that owning a house was "citizenship perfected."

As the housing and economic crises carried on in Michigan's hardest-hit cities, they reconfigured the options for how citizens understood their state's relationship to banks, their own relationships to finance, and the meanings of local, state, and national histories. There remain opportunities for homeowners, housing professionals, and local economy activists to transform the political economies of the nation's former industrial powerhouses. Equally there remain possibilities for Too Big to Fail institutions to remain systemically risky, for government officials to remain confused and stymied about how to reinforce distance between state, the public, and markets. For anthropologists, I suggest that these culturally uncertain spaces are opportunities to build analytic bridges—crossing, in this case, from anthropology of the state to finance through the medium of citizen-subjectivity.

The American Dream: Configurations of State and Self

Michigan homeowners and housing professionals confront and try to avoid foreclosure under complex circumstances. Their responses are conditioned as much by the moral and cultural work of the American dream as by specific foreclosure prevention programs. Chapter3 examines Michigan history and the ways politicians, Michiganders, and others use it to make claims about the essential qualities of the nation, the economy, and the substance of citizenship. These claims, which I revisit in the following section, condition (this is not to say determine) citizens' demands on the state described in chapter 5.

The American dream is a template for citizenship as pursuit of the good life—not only in relation to the state, but also in moral relationships with others, especially the family, and defined by a particular kind of consumption. This dream is premised on the belief that a hardworking individual's efforts pay off in the form of upwardly mobility, usually as homeownership, higher education, or success in business. Master narratives, like the American dream, structure the terms of national belonging, providing moral order to the world and offering subjects the means to understand themselves as coherent individuals acting in that world through time. Social scientists have focused on the individuating effects of the American dream—in positive cases, enabling subjects to feel ownership and effective agency when they can achieve upward mobility. Its negative, of course, is to individuate blame so that American subjects blame themselves when their ambitions fail or they do not improve their class position.

For most of the twentieth century, this dream manifested in an ideology equating homeownership to full social citizenship. This model was premised on strong government policies supporting and shaping the housing market. Beginning in 1934, the Federal Housing Authority subsidized single family homeownership as a way to promote citizens' stability, the values of the nuclear family, and positive identification as capitalist subjects. Michigan had seemed, for a time before both the foreclosure crisis and deindustrialization, the best proof of the triumphalist narrative that anyone—regardless of background, education, or race—could work hard and attain a comfortable middle class lifestyle. Even though, as described in chapter 1, the truth of this Michigan myth was complicated by racial inequalities, limited options for advancement, outsourcing, and myriad other factors, my informants embraced a nostalgia for the era before the 1970s. Michiganders, homeowners and housing professionals alike, identified with the mid-century moment of industrial grandeur, a time that Ortner (2003) calls the middle classing of white America.

Michiganders themselves, politicians, and other observers have used Michigan's history (and mythologized versions thereof) to validate claims about the values of hard work and meritocracy. To return to one example in this dissertation, U.S. Secretary of Housing and Urban Development Shaun Donovan In that register, the widespread threat of foreclosure for mid- and eastern Michiganders threatens meta narratives about the United States as a fundamentally middle class society. Donovan's speech to Michigan housing counselors in 2010 emphasized that Michigan "symbolized what made America great in the 20th century" (Donovan 2010). He omitted entirely the devastating job losses in the 1970s, 1980s, and early 2000s, focusing instead on how it epitomized the pain of foreclosure since 2008. That no state had a more valid claim on the nation's collective "pain" since 2008 continued to reinforce the use of Michigan as a crucible for the nation. Yet, skimming over deindustrialization, even sympathetic observers miss the ways that Michiganders understood foreclosures as another manifestation of the same problem: the rise of finance. With that, homeowners and housing counselors felt that the political economy that made their, and the nation's, past a beacon of capitalist democracy slip away, to be replaced by a not-quite-emergent alternative.

Michiganders continued to understand their experiences as emblematic of the larger polity (both the state and the nation-state) even as and precisely *because* they struggled to achieve a stable economic life. It is a cultural logic drawing an equivalence between self and nation: "I am struggling…the country is struggling." There is an increasing perception, validated by record-low public approval ratings for Congress circulated in news media and gray literature, that politicians are out of touch with regular Americans' lives and concerns—that the state no longer represents the nation. What I suggest is that, even though my informants used their stories to point out the disjuncture between themselves and "politics," they reinforced their claims to the nation and hailed the representatives of the state to come to their aid.

In both cases, deindustrialization and foreclosure, aspects of the American dream become cruelly remote. Deindustrialization stripped away the possibility of a decent, dignified work life as it was understood in the post-war period. Foreclosure threatens to disrupt another pillar of the American dream—decent family life—through the loss of a house, the symbol of both family and full citizenship. When analyzing deindustrialization and the foreclosure crisis, my informants perceived the American Dream as a "sham," a "lie," or, at best, part of an irretrievable past.

The ideology of the American Dream would predict that Michiganders, believing they are individually responsible for their fates, would wholly blame themselves for their failures. This has been the historical pattern, but chapter 3 argued that my informants' sense of dislocation from the American Dream is not the same as historical cases of self-blame for failures that manage to keep the system intact. In chapter 3, I argued that Michiganders understood downward mobility in the Great Recession not as individual failures but as systemic ones. This signals a breakage from Ely Chinoy's (1992) finding that early twentieth century workers in Lansing blamed themselves for their failures to get ahead, thereby preserving the social order of American meritocracy.

While cultural traditions did not offer much explanation for the housing crisis and Great Recession, memories of deindustrialization did. In chapter 3, I examined my participants' sense that the material and moral loss of the foreclosure crisis echoed similar losses to deindustrialization of the 1970s and 80s. The eras are similar in that both ushered in tremendous financial innovations—quantifiable risk and over-the-counter derivatives trades, respectively—that wrought unemployment, deprivation, and dislocation to Michigan's eastern and central cities. Anchored in memories of their own comings-of-age, my informants recalled "glory days" from the late 1940s until the early 1970s, contrasted with painful periods of deindustrialization, rising crime, and generalized decline since the 1970s. Many participants experienced the housing crisis as a continuation of the crisis of deindustrialization, understood as the global move away from a production economy to one based on knowledge and finance. Yet, this is not to say that anyone wanted a simplistic return to the political economy of the 1960s. Several of my informants derided the state's and workers' dependency on the auto companies, citing them as myopic and non-self-starting, respectively. In projecting forward, few offered positive visions for what might be coming to replace the epoch in which Michigan "embodied the great American middle class" (Donovan 2010). A minority of folks offered partial strategies for the future premised on a local-first and small business ethic, signaling to me a loss of faith in the grand promises of a global market.

In 2009-2010, homeowners faulted banks, federal politicians and agencies (e.g., Treasury), and "the economy" for their struggles. With foreclosures and unemployment as high as they have been since 2006, Michigan homeowners and housing professionals by and large understood that people "got in a situation" for which they were not to blame (job loss, hours loss, illness, injury, predatory mortgage, death in the family, divorce) and which was made worse by the larger events of the recession. The system was the source of the problem—greedy banks, the economy, contradictory government actions—and individuals were caught up in it. What this symbolized for my informants was Michigan and the United States' betrayal of its traditions, abandoning its moral authority premised on a broad, democratic middle class, in service of a short-sighted, exclusionary financial economy.

Changing State Forms

Much of this dissertation has concerned the changing boundaries between the state and financial institutions. As exemplified at a macro level in Too Big to Fail, the federal government depends on and understands its legitimacy to come from the way it ensures the vitality of financial markets. In a meso level, I argued in chapter 5 that housing counseling programs benefit from their productive distance from the state. Having endorsement from the state lends community-based non-profits an aura of legitimacy that differentiates them from profit-motivated "scammers." Drawing the state too close into the housing counseling encounter, though, can arouse citizens' suspicions that they are under surveillance. At the micro level, distressed homeowners' recourse (or not) to loan modifications has the power to define a citizen into a dependent, parasitic, or favored category, depending on the observer's interpretation. Following Timothy Mitchell's (1991) work on the state, I argue that these policies reconfigure legitimate spheres of intervention for both financial markets and the state. Although household economics have long been implicit in cultural understandings of the good citizen, the question of mortgage modification brings financialization into the heart of state and subjective practices. In other words, finance has become more integral to both the operations of state and sense of self.

Nationally, foreclosures began to be perceived as a "crisis" not when hundreds of thousands of people with high-cost loans were losing their homes, but when their defaults began affecting investment banks. This is the kind of institutional betrayal, both state and financial, that stokes suspicion, cynicism and defeatism about the contemporary substance of citizenship, and to which I turn in this section.

As evidenced in chapter 4's discussion of Too Big to Fail, it was politically essential that legislators and the American public understood their interests to be consonant with those of the banks, to legitimate the intervention. Interventions including TARP and the TARP-funded HAMP program have always been tenuously, and tensely, held in relation to mortgagors' distress. Regulators such as Federal Reserve chair Ben Bernanke exhorted the public to understand that their daily lives were on the line as much as banks' next-quarter profits, should banks not receive a tremendous loan of taxpayer money. Others, such as Treasury Secretary Paulson expressed an enduring faith in the goodwill of financial institutions to share the benefits of the bailout not only with their institutional counter-parties (those holding the MBS contract), but to provide relief to debtors. Frankly, the belief was that by making the financial system whole, the benefits of the bailout trickle down throughout society—misperceiving that individuals in communities, rather than depersonalized, asocial investors, are the targets of finance. As a former director of Goldman Sachs, Paulson may have internalized the belief system Karen Ho (2009) found among Wall Street bankers that, at least "hopefully" (the word is rife in their commentaries) there is ultimately no conflict between shareholders' interests and those of regular folks.

Homeowners were held in abeyance anywhere from about 9 months to 4 years once their financial troubles began. Institutional legitimacy and institutional practices—namely the waiting and bureaucratic affects in loan modification programs—were central means for exploring changing state forms ethnographically. Chapters 4 and 5 examine homeowners' help-seeking in the context of complex financial webs. Distressed homeowners described to their housing counselors and to me their lenders' obstinance, delay tactics, and superficiality when dealing in response to requests for loan modifications. Like other foreclosed homeowners in this crisis, my informants tried to resolve the mortgage delinquency both by addressing its root causes (bringing in more income) and by qualifying for reduced mortgage payments.

Chapters 4 and 5 also examined the TARP bailout and limp implementation of HAMP. Analysis of the bailout and of housing counseling practices showed that, contrary to prevailing political wisdom, or bankers' dubious optimism, the interests of the public and the interests of financiers are not fundamentally the same, especially not in the ways imagined by foreclosure response programs. Indeed, participants in this project expressed rampant doubts about institutions' (financial and state) interest or ability to work with homeowners. Much of their activity occurred in spite of those reservations, giving their actions a quality of cynical optimism. Nuijten's (2003) analysis of the state as a "hope-generating machine" proved a useful point of departure for understanding homeowners' serial application for loan modifications and willingness to submit paperwork over and over again—because as long as they were waiting, they had not been denied yet; and as long as they had not been denied, there was a chance to save their house.

In chapter 5, I discussed the ways homeowners successfully and unsuccessfully sought to recruit state officials in their service. Most often, public offices as such (attorney general, state representatives) did not provide the direct intervention or leverage their constituents sought. Instead, effective assistance was mediated through community-based housing counseling organizations that are state-sanctioned and state-funded. In chapters 4 and 5, I examined the changing locations of government and shifting boundaries between state and market. Few homeowners were successful in having politicians intervene directly on their behalf. More often, homeowners accessed the state obliquely, turning to housing counseling services to help them apply to their mortgage servicers for a government loan modification.

In my analysis, distressed homeowners' increasing use of food stamps and conflicted desires and demands for state aid through loan modifications is about marking not only class but also citizenship rights and relationships. Although it may be more difficult to see, being as it is mediated through the market and non-profits, making it visible as citizenship removes some of the privilege and hiddenness of this position. What people want from the state, when they ask for a loan modification, is for the government to exert more influence over their relationships to finance. The government is seen as a potentially powerful interlocutor here, and it is a legitimate demand of citizenship for the state to create certain kinds of relationships to finance. In a way, distressed homeowners who did articulate a critique of the bailout related to the state not as civic persons demanding rights but as consumers who had, in effect, bought the right to a loan modification through the use of their tax dollars for the Troubled Assets Relief Program (TARP). The purchase of the right to a loan modification through taxes hints at the neoliberal discourse of rights as primarily the right to deeper integration into the market. Critics of neoliberalism argue that neoliberalism reduces citizens to consumers and citizenship rights to the right to consume (Pereira Júnior 2005; Reis 1996; Alvarez, Dagnino, and Escobar 1998).

While Too Big to Fail illustrated the profusion of sites of authority, the actual implementation of loan modification programs illustrated a pervasive refusal or evasion of authority, using Arendt's (1970) "rule by Nobody" as an analytic lens. As discussed in chapter 5, housing counselors, too simultaneously embodied expertise about program rules but refused to claim any expert perspective on their clients' lives. The latter showed up through counselors' ethical commitment to provide their clients with information to make appropriate choices but a refusal to dictate choices. Bringing together analysis of institutional complicity—where everyone is interrelated and simultaneously to blame—with rule by Nobody presents a form of governance that is alternately by everyone and no one. Where this leaves the subjects of rule (homeowners and, to a lesser degree, housing professionals) is forging ahead uncertain of both the terrain and rules by which they will be held accountable.

Yet, the shortcomings of finance, the political system, and foreclosure prevention programs—the failures of citizenship—have not been able, despite certain attempts, to dislodge conventional political wisdom and financiers' political clout. The widespread recognition of the failings and disjunctures described above are a classic crisis scenario. In Koselleck's analysis, crises are the recognized inflection points when a set of contradictions that have developed over a longer time span can no longer cover over each other (Goddard 2006).

For Michiganders, crisis was a multi-layered category. I explored a wide-ranging, interconnected set of wrongs experienced by subjects of the foreclosure crisis: from the impersonal failures of the market, as in losing a job or wages; to betrayal by lenders, either through predatory mortgages or an obstinate refusal to compromise on a loan modification; to a sense of abandonment by the state, in the failure to intercede more forcefully for distressed homeowners. Given the cultural importance of middle class consumption, in general, and homeownership, specifically, to models of ideal American citizenship, homeowners facing foreclosure and, to a lesser degree, housing counselors experience these failures of both the state and market as failures of citizenship and nationhood. In foreclosure prevention programs, whether housing counseling or self-directed, mortgage servicers made the housing crisis worse through their program failures. In chapter 4, I described the financial and institutional structures—from securitization through loss mitigation staffing—that inhibited homeowners' help-seeking. I argued that in their implementation of HAMP, banks obliquely positioned themselves as somewhere between malicious and incompetent, bedeviling homeowners' attempts to transact with them as rational institutions.

In the face of banks' intractability for many clients, homeowners and housing professionals alike produced alternative narratives about how homeowners might give up the house on their own terms. Walking away, suicide stories, and the emotional freedom found in giving up a house are ways to search for the meaning and reduce the pain of the foreclosure crisis for homeowners. They simultaneously absorb blame and challenge dominant narratives that moralize against homeowners, by depicting the crisis as one manufactured and made worse by the actions of banks. In light of the evidence in this dissertation and the recent nationwide judgments against banks for subverting loan modification programs, it is easy to understand homeowners' feelings of despair when in spite of their best efforts (including in some cases an ability to afford the mortgage), they cannot affect the outcome. They feel betrayed and angered by banks and other financial institutions they trusted to act in their best interest—or at least to not purposefully harm them in bald pursuit of profit.

Given lenders' unpredictability, housing counselors worked to manage—and lower—their clients' expectations of receiving loan modifications, as demonstrated in chapter 5. Along with this emotional management, however, a growing body of evidence indicates that housing counseling is an effective way for homeowners to increase their chances of curing mortgage delinquency. Recent studies of HUD-funded housing counseling and the NFMC program find that counseled borrowers are up to 70 percent more likely to get loan modifications than similar homeowners who get no non-profit counseling (Jefferson et al 2012; Mayer et al 2011; Collins and Schmeiser 2013).

I found, too, that as maddening as the loan modification process was, most Michigan homeowners I interviewed remained keen on the idea of homeownership: should they lose the current house, they planned to buy another and to encourage their children to do so, too. A minority of homeowners had negative enough experiences that they claimed they were committed to never buying another house again—though I believe that, as the experience recedes, it will actually be a very small minority who are permanently soured on buying with a mortgage. And although housing counselors talked with reservation about how homeownership is not financially appropriate for everyone, many also imagined that after foreclosures subsided, they would have a lot of former homeowners in need of credit repair to become "re-mortgagable." The cultural and ideological appeal of homeownership appears to remain as almost as strong as ever.

The persistent cultural, emotional, and financial appeal of buying a home—in spite of such negative mortgage experiences as described here—portends two seemingly distinct, but related, things. First, losing a home to foreclosure is disruptive and painful in a large number of ways, but (often) not existentially shattering. Evidence from earlier foreclosures, though, suggests that it takes former homeowners up to a decade to recover from the financial loss (Culhane 2012:129). Second, the impregnable appeal of buying a house means that borrowers will continue demanding mortgages in large numbers. These two observations leave lenders again with all the bargaining power, opening the way for lenders to, on one hand, restrict access to credit and, on the other, resume predatory or deceitful practices.

Meanwhile, financial institutions have largely resumed dangerous speculative practices with impunity (e.g., the collapse of MF Global, JP Morgan Chase's credit card derivatives loss, LIBOR rate-fixing scandal, and more). Ways forward must address this legitimacy gulf for financial and state institutions, though the failure to create meaningful reform in light of the financial crisis and more recent scandals does not signal great hope. These conditions call out for strong reforms to mortgage lending—as begun with the Dodd-Frank financial reform act and new servicing standards designed by the Consumer Finance Protection Bureau, to take effect in 2014. In order to have meaningful effects, of course, the regulatory agencies must be equipped with the financial and staff resources to enforce rules. And, recalling the theme of blurred boundaries, regulators must have enough distance between themselves and their subject agencies to differentiate the state's interests from those of finance. More systemically, Karen Ho (2012) has called for people to hold Wall Street to count for its "moral attachment to production."

A distance of three years between the primary fieldwork for this dissertation and its completion has not resolved the uncertainties about the still continuing foreclosure crisis (now six years old) and aftershocks of the Great Recession. That time lag has, however, strengthened the case for the analysis presented here about the shifting forms of state power and the allegiances of state institutions to their various constituencies (such as citizens, corporations, and non-profit and civil society organizations). To take but two examples, in December 2012, Michigan approved right-to-work legislation, banning the right of employees to form closed shops. And after years of near-misses, the city of Detroit was placed under an emergency manager. These changes have been extremely contentious: the right-to-work bills drew a historic number of protesters to the capitol. Politically-active Detroiters have long been mobilizing opposition to an emergency manager through testimonies at city council, editorials, and direct action.

For some Michiganders—but clearly not all—these recent political changes further uncouple the organs of the state from the concerns of regular people. In chapter 3, I discussed ways that dedicated consumer activists and citizens work to create a local and affirmative economy, insulated from what they consider the more pernicious aspects of the Market and the State. These initiatives, too, have grown in the past two years through grassroots efforts including Ignite Lansing, periodic gatherings where speakers present on topics meant to spur critical thought and action for community benefit; and local business boosters using the Twitter hashtag #lovelansing.

As of March 2013, Michigan still had the third-highest foreclosure rate in the nation, logging 73,000 foreclosures from February 2012—February 2013 (CoreLogic 2013). An increasing number of foreclosures are not mortgage foreclosures but tax foreclosures, a problem that shares many of the same concerns discussed here, though with notable differences beyond the scope of this work. On balance, however, little has changed in the cultural politics of the foreclosure crisis. In light of the evidence in this dissertation and the recent nationwide judgments against banks for subverting loan modification programs, it is easy to understand homeowners' feelings of despair when in spite of their best efforts (including in some cases an ability to afford the mortgage), they cannot affect the outcome. The thwarted agency of homeowners, counselors, and some state agents who have not been able to alter the fundamental problems recall to me Carol Greenhouse's (2010) evocative notion of negative agency, where agency is defined by refusal and withdrawal. What it means is that although this crisis, like previous ones, has brought on "heightened reflexivity" about "the spectrum of social (and business) rules and norms," (May and Morrison 2003:269), it has so far failed to reconfigure the practices, policies, and beliefs at the root of this crisis of economy and meaning.

APPENDIX

Appendix. Research Instruments and Summary of Primary Data

1. Semi-structured interview guide for homeowners
2. Semi-structured interview guide for housing professionals
3. Survey for housing professionals
4. Overview of primary data collected

1. **Questions for Homeowners**

Note: Interviews will consist of a series of open-ended ethnographic questions and a demographic profile. The questions below represent a range of questions and a possible sequence. The interviewer may skip, modify, or reorder questions and add follow-up questions depending on the specific interview (how forthcoming the interview subject is, other need for clarification, etc.). Questions on political context will ask about current events so the section will evolve as events change.

I. Family and Neighborhood Background

There are four main topics I want to discuss today plus some basic information about you. I want to start just by asking you about your background and about messages and beliefs about buying a house. Remember that everything we talk about is confidential and that I won't share anything that identifies you with anyone at the agency, your lender, the attorneys, or in any of the papers I write about this research. Our conversation won't affect the outcome of your loan modification. Also remember that you can skip any question you don't want to answer.

1. Where are you from?
    a. From Michigan? Another area? From US? Immigrant—from where?
    b. When did your family move to Michigan? From where?

2. Tell me a bit about your family:
    a. What brought you/your family here?
    b. Where did your parents work; your grandparents?
    c. [If the person is an immigrant] Is purchasing and owning your own house important in the culture you're originally from? How do people pay for their houses?

3. Where did you live as a kid?
    a. What was that neighborhood/community like?

4. How do you spend your time off work? Family? Hobbies? Church or community organizations?
    a. If unemployed, how are you spending your time since you were laid off?

5. Do you remember any discussions about homebuying from your childhood or early adult years?
    a. Do you recall there being any particular message about homebuying?
    b. Or input from a friend or family member?

6. Do you know anyone who's been or is homeless?
    a. What's their situation?
    b. Did that change how you think about homeless people?
    c. If homeless, did you know anyone homeless before you became homeless? Did that prepare you in any ways for what it was like being homeless?

7. Will you (or did you) encourage your children or other people you're close to, to consider buying a house?
    a. Are there circumstances under which you would or wouldn't encourage someone you know to buy a house?
    b. At this point, do you think you will buy a house again? Why/why not?

8. What class do you consider yourself to belong to?
    a. What is it that makes you a member of that class?
    b. Is there anything that would change the class you belong to? What?

II. Current Housing

A. For homeowners near foreclosure or working on loan modification

9. Tell me about where you live now:
    a. What's your neighborhood like?
    b. How long have you lived in that area?
    c. Have you noticed your neighborhood change since you've lived there? If so, how?

10. When did you buy your house?
    a. Was this the first house you've bought?

11. What kinds of conversations did you have before you bought the house?
    a. Why did you want to buy the house?
    b. Why did you want to own a home in the first place?
    c. What was your plan when you bought it?
    d. Did you think this would be a permanent home for you?
    e. [If it was bought during the bubble years (2000-2007)]: Were you planning on reselling it soon, or flipping it? At that time, it seemed possible to flip houses, that is to buy them, maybe do some renovations, and sell the house for a profit—sometimes a big profit.

12. Tell me about what brought you to the housing counseling agency.
    a. What's going on with your house?

b. Tell me about when you realized you were having difficulty paying the mortgage.
c. What's it like being in this situation?
d. How have you imagined getting yourself out of the situation you're in now with the house?
e. Has this situation changed how you think about yourself in any ways? If so, how?
f. *Who do you think is responsible for the situation you find yourself in with the house?*

13. I asked you to bring copies of the hardship letter you submitted to your lender (and any drafts) with the loan modification packet. I'd like to talk about that with you.
    a. What was it like to write this letter?
    b. Is this the first version of the letter you wrote? Did you write other versions? Why?
    c. If this is not the first letter you submitted, how were you told to change it? By whom? Why?
    d. Who reads these letters?
    e. What do they do for your loan modification application?

14. What's happening with your loan modification now?
    a. What outcome are you hoping for?
    b. What do you expect to happen?
    c. How is your lender behaving with you?
    d. Why do you think they're acting like that?

15. Why do you want a loan modification?
    a. [If the answer is some variant of 'to stay in my house'] Why do you want to stay in this house?
    b. Do you think you deserve a loan modification? Why? Are there people who don't? Why?

16. If you don't get a loan modification you can afford, what will happen?
    a. Do you think there will be consequences for you if you're foreclosed on?
    b. If so, what would those consequences be? How long will they last?
    c. If not, why not?
    a. Where do you think you'll live? What do you think you'll do?

17. What support or resources are you drawing on?
    a. Does your family know you're facing foreclosure? If so, how did they react?
    b. If not, why not?
    c. Do you know anyone else who's going through foreclosure (friends, family, neighbors, church members, etc.)? What's their situation? Did that change how you think about people facing foreclosure?

18. When you think about your house going to foreclosure:

a. What's the hardest thing for you about thinking of foreclosure?
b. Are there easy parts to thinking about foreclosure—a sense of relief, things you desire about the loan mod or even walking away from the house?
c. What are five words that describe how you feel about being faced with a possible foreclosure?

19. How has this experience of foreclosure/loan modification changed anything for you (i.e., changed the way you think about anything)?

II. B. New Homebuyers

1. Tell me about your new house.
   a. What's it like?
   b. Where is it? What's the neighborhood like?
   c. What are your plans for the house (i.e., live in it long-term, resell in a few years, rent it out, etc.)?

2. How have your family/friends/etc. reacted to your buying a house?

3. Why are you buying a house right now?
   a. Is this the first house you've bought or not?
   b. If so, did something in particular make you decide to do it now?
   c. If not, are you moving from a place you own or rent? If own, what's the reason for moving? If rent, what convinced you to buy again?

4. What was it like getting approved for your mortgage? There have been contradictory reports in the news that it is tougher to get a mortgage but also that there might be a new bubble beginning because prices are lower now.

5. Do you think things in the real estate market have changed since the bubble period? Since the recession started?

II. C. Homeless residents

1. Where do you stay now? What's it like living there?

2. How long have you been homeless?

3. Why do you think you are homeless?

4. What kind of place would you like to live in?
   a. Would you prefer to rent something, own it, or have some other kind of arrangement?
   b. Why do you feel that way?

5. Do you think you'll be able to get into a stable housing situation?

   a. What kind?
   b. What do you need to get that?

6. What do you think are the causes of homelessness in Lansing?

7. What support or resources are you drawing on?
   a. Does your family know you're homeless?
   b. If so, how did they react? If not, why not?

8. If you were to design programs to deal with homelessness in our community, what would they be like?
   a. What would their goals be?
   b. How would they achieve these?

III. Personal finance

In addition to learning about foreclosures in particular, in this project I'm also interested in learning about how people learn about money management and what they do to manage their money. Remember that you can skip any question you don't want to answer.

18. Let's start with the question that obviously bridges housing and money management. What kind of mortgage do you have?
    a. With what company? Is it the original mortgage or a refinance?
    b. Is that the original lender or a servicer? If it's a servicer, tell me all the servicers you've dealt with in this mortgage.
    c. Who owns your mortgage?
    d. Do you know if it was packaged in a mortgage-backed security and sold to investors?
    e. What do you remember about the process of applying for the mortgage?
    f. Are you underwater on your mortgage (do you owe more than your house is worth)?

19. Have you ever declared bankruptcy?
    a. [If yes] What chapter? Why that chapter?
    b. When? What caused you to declare bankruptcy?
    c. What was it like going through the bankruptcy process?
    d. Do you foresee circumstances when you might declare bankruptcy again?
    e. [If no] Did it occur to you to file for bankruptcy when you realized you would have trouble staying current on your mortgage?
    f. [If in process] How did you decide to declare bankruptcy? Which chapter, why that chapter?

20. Do you know your credit score? Is it:
    - 720 – 850
    - 700 – 719

- 675 – 699
- 620 – 674
- 560 – 619
- 500 – 559

21. Savings and investment:
    a. [If behind on mortgage] Have you changed your savings or investment accounts since you began struggling to pay the mortgage? (I.e., tapped into or depleted savings, cashed in investments, 401K.)
    b. What have you had to learn or change financially since starting the loan modification process?
    c. Where do you get information about how to manage your money (i.e., specific books, professionals, websites, news outlets, friends or family)?
    d. Before you fell behind on your mortgage payments, were you saving or investing money? Where/how?
    e. Where do you get information about how to manage your money?
    f. [If not behind on mortgage] Are you saving money or making any kind of investments? What are those? Tell me more about your investments. What are they? What were you told about the investment when you made it? Is making an investment like putting money in the bank or different?

22. Have you lost money since the recession began?
    a. [If no] Why is this the case?
    b. [If yes] On what kinds of accounts/investments? What kinds of losses?
    c. Are these losses going to have effects on you? If so, in what ways?
    d. Tell me more about your investments. What are they? What were you told about the investment when you made it? Is making an investment like putting money in the bank or different?
    e. Do you know what kinds of things your money was invested in?
    f. Do you know if your pension or other investment had bought mortgage-backed securities?

23. Have you ever received government assistance (i.e., food stamps, WIC, social security, disability, Temporary Assistance to Needy Families [TANF])?
    a. What was it and under what circumstances?
    b. What about unemployment benefits?

IV. Political Context

Before we conclude I also want to ask you some questions about current events and the recession in general.

24. What sources do you get your news from? (Names of newspapers, radio stations/programs, magazines, websites, friends/family)

25. How do you think we're going to get out of the economic situation we're in?

a. When do you think the recession started in Michigan?
b. When did you feel it affecting you personally?
c. What do you think is the future of Michigan?
d. Of Lansing?

26. Prior to the recession, how did you interact with the government?
    a. Has that changed? How?

27. How do you think the real estate market collapse has been handled (by banks, by politicians)?

28. This may be obvious to you, but I assume you are familiar with Michigan's 90-day law for foreclosures and mediation with lenders?
    a. What was the intention behind this law?
    b. How is it working?

29. If you were in charge of this process, what would it look like?
    a. How should the government (which—local, state, federal) respond to rising foreclosures?
    b. What would the ideal scenario for someone facing foreclosure be?
    c. What are five words that describe the loan modification process?

30. What do you think about the idea of owners walking away from a mortgage?

31. What is "the market?" How does it work?

32. Who do you think is responsible for the real estate market crash? And who's responsible for the collapse (and near-collapse) of big banks in the last few years?

33. What should government be doing or not doing in the economy?
    a. How has the bailout of "too big to fail" banks, also known as the TARP money, been handled?
    b. Should the government have gotten involved with assisting these financial institutions?
    c. What about the government's bailout of GM?

34. Last year Senator Dick Durbin was quoted as saying, "And the banks — hard to believe in a time when we're facing a banking crisis that many of the banks created — are still the most powerful lobby on Capitol Hill. And they frankly own the place."
    a. What do you think of this statement?

35. Have you followed discussions of credit card reform and the proposed Consumer Financial Protection Agency? What do you think of these ideas?

36. Do you feel there is a particular political party or group that most closely fits with your political views?

    a. Have you attended any rallies, speeches, or other political events since the recession started? What were those?
    b. Who did you vote for in the last presidential election?

37. When you imagine a person who's being foreclosed on, what person do you imagine?
    a. What does that person look like?
    b. What's their story?
    c. Try to recall if this is who you imagined before you were behind on your mortgage payments or before the recession started.

38. There has been increasing news, government, and academic attention to the middle class in America since the recession began.
    a. What do you think are necessary elements to a middle-class lifestyle?
    b. How many (i.e., what percentage of) Americans do you think are middle-class?

39. I have one last question I want to ask you before filling in some basic information. My research is in part about the idea of the "American dream." How would you define the "American dream"?
    a. Is it relevant to today? Do you think it's possible?
    b. Do you think it was ever possible?

V. Profile

ZIP code:

First home? ______

Who lives in your household? (Please list relationships and ages)

Are you: _____Married? _____Partnered? _____Single? _____Divorced?
_____Separated? _____Widowed? _____Other?

Age:

Gender:

Race/Ethnicity:

Occupation:

Current employment status: Since when?

Church/religious affiliation:

Other associations/community groups:

Political affiliation:

2. **Interview guidelines: employees and volunteers of housing agencies, public agencies, lending institutions, legal offices, and bankruptcy courts**

Note: Agency and sector-specific sets of questions are marked; all others will be asked to all interview participants. Interviews will consist of a series of open-ended ethnographic questions and a demographic profile. The questions below represent a range of questions and a possible sequence. The interviewer may skip, modify, or reorder questions and add follow-up questions depending on the specific interview (how forthcoming the interview subject is, other need for clarification, etc.). Questions on political context will ask about current events so the section will evolve as events change.

I. Program and Employment Information

There are five main topics I want to discuss today plus some basic information about you. I want to start just by asking you about your background and about messages and beliefs about buying a house. Remember that everything we talk about is confidential and that I won't share anything that identifies you with anyone at the agency, your lender, the attorneys, or in any of the papers I write about this research. Also remember that you can skip any question you don't want to answer.

1. Tell me briefly about what you do in your position as a [housing counselor/financial planner/program supervisor].
    a. How did you get into this line of work?
    b. Who are your clients? What kinds of issues do they have that bring them in for a loan modification? What's it like working with the homeowners?
    c. What's it like working with lenders? What about with their attorneys?

2. [For program directors] Can you tell me about the history of your agency/program?
    a. What are the purposes/goals?
    b. Was housing always the focus of the program?
    c. What about foreclosure prevention or what's called the "soft landing?"
    d. If so, why? If not, when and why did that develop?

3. You know that in this project I'm interested in foreclosures and responses to them. What's your take on the rise in foreclosures?
    a. When did it start? Where do you think the cycle is at (i.e., peaked, leveled off, declining, etc.)?
    b. What caused it?
    c. In your view, what caused the rise in foreclosures in Lansing?
        i. Who's being foreclosed on? Who are your clients?
        ii. Is this different nationally? How so?
        iii. Are there things that are particular about Michigan versus other areas of the country? What are these? What explains the differences?

4. How do you think agencies and organizations in Lansing meet the needs of the rise in foreclosures?
    a. Who's best served? (i.e., types of clients, lenders, agencies)
    b. What do you think would help fill any gaps in services?
    c. What have you observed changing in housing, community development or economic assistance needs over the last few years?

5. I know the general procedures a homeowner goes through to apply for a loan modification. I want to talk with you more specifically about the actual process of working through a case.
    a. From your perspective, what are five words that describe the loan modification process?
    b. Are there things that are not spelled out in the program guidelines that you find or have heard are helpful in obtaining a modification?
    c. What have you learned since you started in this position that's been most helpful?
    d. Are there things you used to do that you've stopped doing? Why?
    e. **What are the most important qualities for a client to have when they work on this process with you?**

6. I understand that homeowners submit a hardship letter with their loan modification package.
    a. What's the purpose of the letter?
    b. What do lenders want to see from homeowners?
    c. [for housing counselors] What do people come in with? Do you give them guidance on how to write their hardship letter?
        i. What kinds of things are important to include?
        ii. What kinds of things would you discourage a client from putting in a letter?
    d. [for lenders] What happens to a hardship letter when it arrives in a loss mitigation packet?
        i. Does someone read it? Who?
        ii. Does it have an impact on what offer might be made to a client? Tell me how that works.

7. If you were to design a process or program from scratch to address the foreclosure crisis, what would it look like?
    a. What options would someone facing foreclosure have, what outcomes?
    b. What would be the outcome for lenders?

8. I understand that unemployment is a major issue for homeowners in Michigan. What should be done for people who've lost their income and there is no sustained income in the foreseeable future?

9. [for lenders] I've been able to observe housing counselors working but not the ways lenders deal with foreclosure prevention in their offices. Having worked inside the

loss mitigation/home retention/imminent default, etc. department at a lender, tell me about what the process there.

a. How long have you been working in this capacity? What was your work before this?
b. What did you learn in your training for this position?
c. How do you first become involved with a case? Then what does it entail?
d. How is a decision made about an application? What factors go into it?
e. What kinds of outcomes do you see in the cases?
f. How well do you think your institution serves the clients who come to you?

10. [for lenders] How do you think your institution and other lenders are perceived by homeowners? By housing counseling agencies? What do you think of this?

11. This might seem like a blunt question, but do your clients deserve loan modifications?
    a. Why or why not?
    b. Are there people who don't? If so, who are they or why is that the case?

12. Aside from any clients you have met in your line of work, do you know anyone who's going through foreclosure (friends, family, neighbors, church members, etc.)?
    a. What's their situation?
    b. Did that change how you think about people facing foreclosure?

13. Do you know anyone who's been or is homeless?
    a. What's their situation?
    b. Did that change how you think about homeless people?

14. [For counselors who do credit repair and those who do new homebuyer education]
    a. What's the purpose of credit repair counseling/homebuyer education?
    b. What are people supposed to learn?
    c. Who are these clients?
    d. Are these classes/meetings valuable to them? In what ways? Why?
    e. Are there other financial services that would suit the people you work with in these ways? What would those be? Be as specific as you can be.

15. Your organization says [XYZ] about community development in its materials. Can you tell me more about this dimension of the work?
    1. What kinds of neighborhoods and communities do you envision?
    2. How do you work toward achieving these?
    3. What do you see as getting in the way of community development?
    4. What is the role of organizations like this one in promoting community development?
    5. [If applicable] I understand your office/organization is involved in the Neighborhood Stabilization Program (NSP phase 2) locally. What's your involvement with that? What's the intention of the money you're spending? How will you/your office decide (or did you decide) to spend it?

16. [Last question in this section] Has working here during the real estate market crash changed anything for you (i.e., changed the way you think about anything)?

II. Family and Neighborhood Background

In this research I'm interested in learning about the current foreclosure situation but also about housing and community more generally, including messages and beliefs about buying a house. So it's also of interest to talk to you who deal with housing in your line of work about where you're coming from, where you live, and so on. I'm going to ask you some questions about where you live and your background. Remember that you can skip any question you don't want to answer.

20. Where are you from?
    a. From Michigan? Another area? From US? Immigrant—from where?
    b. When did your family move to Michigan? From where?

21. Tell me a bit about your family:
    a. What brought you/your family here?
    b. Where did your parents work; your grandparents?
    c. [If the person is an immigrant] Is purchasing and owning your own house important in the culture you're originally from? How do people pay for their houses?

22. Where did you live as a kid?
    a. What was that neighborhood/community like?

23. How do you spend your time off work? Family? Hobbies? Church or community organizations?

24. Do you remember any discussions about homebuying from your childhood or early adult years?
    a. Do you recall there being any particular message about homebuying?
    b. Or input from a friend or family member?

25. Do you know anyone who's been or is homeless?
    a. What's their situation?
    b. Did that change how you think about homeless people?

26. Will you (or did you) encourage your children or other people you're close to, to consider buying a house?
    a. Are there circumstances under which you would or wouldn't encourage someone you know to buy a house?
    b. At this point, do you think you will buy a house again? Why/why not?

27. What class do you consider yourself to belong to?
    a. What is it that makes you a member of that class?

b. Is there anything that would change the class you belong to? What?

III. Personal Finance

In addition to learning about foreclosures in particular, in this project I'm also interested in learning about how people learn about money management and what they do to manage their money. Remember that you can skip any question you don't want to answer.

24. Current living situation: Do you rent or own where you live?
    a. (If own) You said you own your home. Why do you own rather than rent?
        i. What kind of mortgage do you have currently? Are you current on the mortgage?
        ii. With what company? Is it the original mortgage or a refinance?
        iii. Is that the original lender or a servicer? If it's a servicer, tell me all the servicers you've dealt with in this mortgage.
        iv. Who owns your mortgage?
        v. Do you know if your mortgage was packaged into a mortgage-backed security and sold to investors?
        vi. What do you remember about the process of applying for the mortgage?
        vii. Are you underwater on your mortgage (do you owe more than your house is worth)?
    b. (If rent) You said you rent your home. Why do you rent rather than own?
        i. Have you owned a place in the past? If no, is this a choice? If yes, why are you renting now?
        ii. Would you buy a house/condo? Why/why not, or under what conditions?
        iii. Has working here influenced your decision to rent versus buy?

25. Have you ever declared bankruptcy?
    a. [If yes] What chapter? Why that chapter?
    b. When? What caused you to declare bankruptcy?
    c. What was it like going through the bankruptcy process?
    d. Do you foresee circumstances when you might declare bankruptcy again?
    e. [If no] Did it occur to you to file for bankruptcy when you realized you would have trouble staying current on your mortgage?
    f. [If in process] How did you decide to declare bankruptcy? Which chapter, why that chapter?

26. Do you know your credit score? Is it:
    - 720 – 850
    - 700 – 719
    - 675 – 699
    - 620 – 674
    - 560 – 619
    - 500 – 559

27. Savings and investment:
    a. [If behind on mortgage] Have you changed your savings or investment accounts since you began struggling to pay the mortgage? (I.e., tapped into or depleted savings, cashed in investments, 401K.)
    b. What have you had to learn or change financially since starting the loan modification process?
    c. Where do you get information about how to manage your money (i.e., specific books, professionals, websites, news outlets, friends or family)?
    d. Before you fell behind on your mortgage payments, were you saving or investing money? Where/how?
    e. Where do you get information about how to manage your money?
    f. [If not behind on mortgage] Are you saving money or making any kind of investments? What are those? Tell me more about your investments. What are they? What were you told about the investment when you made it? Is making an investment like putting money in the bank or different?

28. Have you lost money since the recession began?
    a. [If no] Why is this the case?
    b. [If yes] On what kinds of accounts/investments? What kinds of losses?
    c. Are these losses going to have effects on you? If so, in what ways?
    d. Tell me more about your investments. What are they? What were you told about the investment when you made it? Is making an investment like putting money in the bank or different?
    e. Do you know what kinds of things your money was invested in?
    f. Do you know if your pension or other investment had bought mortgage-backed securities?

29. Have you ever received government assistance (i.e., food stamps, WIC, social security, disability, Temporary Assistance to Needy Families [TANF])?
    a. What was it and under what circumstances?
    b. What about unemployment benefits?

IV. Political Context

Before we conclude, I also want to ask you some questions about current events and the recession in general.

40. When you imagine a person who's being foreclosed on, what person do you imagine?
    a. What does that person look like?
    b. What's their story?
    c. Try to recall if this is who you imagined before you were behind on your mortgage payments or before the recession started.

41. What sources do you get your news from? (Names of newspapers, radio stations/programs, magazines, websites, friends/family)

42. How do you think we're going to get out of the economic situation we're in?
    a. When do you think the recession started in Michigan?
    b. When did you feel it affecting you personally?
    c. What do you think is the future of Michigan?
    d. Of Lansing?

43. Prior to the recession, how did you interact with the government?
    a. Has that changed? How?

44. How do you think the real estate market collapse has been handled (by banks, by politicians)?

45. This may be obvious to you, but I assume you are familiar with Michigan's 90-day law for foreclosures and mediation with lenders?
    a. What was the intention behind this law?
    b. How is it working?

46. If you were in charge of this process, what would it look like?
    a. How should the government (which—local, state, federal) respond to rising foreclosures?
    b. What would the ideal scenario for someone facing foreclosure be?
    c. What are five words that describe the loan modification process?

47. What do you think about the idea of owners walking away from a mortgage?

48. What is "the market?" How does it work?

49. Who do you think is responsible for the real estate market crash? And who's responsible for the collapse (and near-collapse) of big banks in the last few years?

50. What should government be doing or not doing in the economy?
    a. How has the bailout of "too big to fail" banks, also known as the TARP money, been handled?
    b. Should the government have gotten involved with assisting these financial institutions?
    c. What about the government's bailout of GM?

51. Last year Senator Dick Durbin was quoted as saying, "And the banks — hard to believe in a time when we're facing a banking crisis that many of the banks created — are still the most powerful lobby on Capitol Hill. And they frankly own the place." What do you think of this statement?

52. Have you followed discussions of credit card reform and the proposed Consumer Financial Protection Agency? What do you think of these ideas?

53. Do you feel there is a particular political party or group that most closely fits with your political views?
    a. Have you attended any rallies, speeches, or other political events since the recession started? What were those?
    b. Who did you vote for in the last presidential election?

54. There has been increasing news, government, and academic attention to the middle class in America since the recession began.
    a. What do you think are necessary elements to a middle-class lifestyle?
    b. How many (i.e., what percentage of) Americans do you think are middle-class?

55. I have one last question I want to ask you before filling in some basic information. My research is in part about the idea of the "American dream." How would you define the "American dream"?
    a. Is it relevant to today? Do you think it's possible?
    b. Do you think it was ever possible?

VI. Profile

Age:

Gender:

Are you: _____Married? _____Partnered? _____Single? _____Divorced?
_____Separated? _____Widowed? _____Other?

Who lives in your household? (Please list relationships and ages)

Race/Ethnicity:

Occupation:

Current employment status: Since when?

ZIP code:

Rent? _____ Own? _____ If so, first home? ______

3. **Survey for Housing Professionals**
(Michigan Conference on Affordable Housing)

Thank you for taking time to fill out this survey. This is part of a research project on the housing crisis in Michigan being conducted by Anna Jefferson, a Ph.D. candidate at Michigan State University. This survey is completely voluntary and anonymous. Completing the survey indicates your consent to have your answers used in Anna Jefferson's dissertation and other writing. More details and contact information are on the provided informed consent form (for you to keep).

1. What are 5 words you relate to "house"?
   1.
   2.
   3.
   4.
   5.

What best describes your primary role at your agency?
   a. Program director
   b. Foreclosure intervention counseling
   c. Post-foreclosure counseling
   d. Homeownership promotion
   e. Rental assistance/affordable housing
   f. Homeless services
   g. Financial literacy, credit repair
   h. Outreach
   i. Administrative
   j. Realtor
   k. Lender/servicer
   l. Other ________________________
   Americorps service member? Y N

2. How long have you been in this position?
   a. Less than two years
   b. Between 2—5 years
   c. More than five years

3. Did you work in lending or real estate prior to your employment at a housing counseling agency?
   Y N
   If yes, in what capacity?

4. What best describes your priority in your work?
   a. To preserve or promote homeownership
   b. To find people affordable housing
   c. To help build strong neighborhoods

d. To help my city's economic vitality and growth
e. To teach people to be their own consumer advocate

5. What communities do you work in (region, county, city, or neighborhoods)?

6. What are the biggest challenges in the communities you work in?

7. The thing that makes my job **hardest** is when….(fill in the blank, all parts, please)

a. Clients

b. Servicers/their representatives

c. The government

8. It would make my job **easier** if….(fill in the blank, all parts, please)

a. Clients

b. Servicers/their representatives

c. The government

9. List the top five words you associate with community development:

1. ____
2. ____
3. ____
4. ____

5. ____

10. What do you think the American Dream is? Has that changed in working at a housing agency?

11. Community activities you participate in (i.e., church, volunteer, non-profits, community service)

12. Political affiliation:

13. Race/ethnicity:

14: Gender:

4. **Overview of Primary Data Collected (August 2009—April 2011)**

Table 7. Overview of Primary Data Collected (August 2009—April 2011)

Data Source	Detail	Subtotals	Total
Participant Observation (hours)			500 (estimate)
	Housing Counseling Agencies (February—October 2010)	300 (estimate)	
	Training sessions and public outreach (November 2009—November 2010)	80 (estimate)	
	Community meetings and political rallies	120 (estimate)	
	Counseling session observations (#)		17
Interviews (#)			63
	Housing professionals and activists	34	
	Homeowners facing foreclosure	29	
Surveys	Housing counselor survey administered at Michigan Conference on Affordable Housing, April 12, 2011		27

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