

Mentally ill can be home owners

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By Bradley Flory
Staff Writer

Stephanie Lewis is the sort of person many of us assume can never own a house.

Lewis, 32, has a mental disability treated through the LifeWays agency. She has lived most of her life in subsidized housing and is supported by Social Security Disability checks.

Even Lewis suspected the American Dream was beyond her grasp.

"People on disability pay their bills but they can never bring themselves up to where they expect the average person to be," Lewis said.

She is proud to prove all doubters wrong as one of Jackson's newest home owners.

"We've been doing a lot of work in the yard. A lot of work," Lewis said. "To me, it feels nice. And it's mine. I don't know if I have words for it."

Lewis was able to buy a house not because of any charity or handout, but by a concerted business effort to make LifeWays clients eligible for mortgage loans.

Four mortgage loans have been closed since December and 10 more LifeWays clients have received loan approval.

"It improves the quality of life for consumers and not one dime from the taxpayers' coffers is being used," said Gregory Gallagher, president of Recovery Technologies, a mental health contracting agency in the LifeWays system.

"For a very comparable payment (to rent), they are getting into a house of their own that they are proud of," said Craig Talbert, senior vice president and loan officer at Republic Bank.

The idea of making home buyers of mental health clients is largely the brainchild of three men: Gallagher, Talbert and John Rockey, a real estate agent.

"I told Rockey about our client needs and how much they pay for rent," Gallagher said. "He seemed to think they could buy a house for that. That's how it started."

Rockey said, "In some cases, they are paying more for one room than they could for a whole house."

"A lot of these people are living in places where you wouldn't want to put your worst enemy," Talbert said. "Not very attractive housing situations."

Gallagher has long maintained that, contrary to what most people might think, many mental health clients are good candidates for mortgage loans.

LifeWays has 8,500 clients and the majority are supported by Social Security payments, Gallagher said. The nature of their disability makes them unlikely to ever be cured.

"These people have a guaranteed income," Gallagher said. "Millionaires don't have guaranteed incomes. They could go bankrupt next year."

Sparse credit histories are typically a problem for loan approval.

"Some of these people have been on disability for a long time and have no credit -- no loans, no credit cards," said Linda Coe, assistant loan officer at Republic Bank.

Lewis had no credit history at all.

"You pay your bills for 32 years and think you have credit," she said. "But you don't. I never had a credit card, never bought a house and never bought a car."

Talbert struck on a nontraditional approach to qualify mental health clients like Lewis for FHA mortgage loans. He considered their record for paying bills on time as a form of good credit.

Three letters vouching for a good track record of paying bills is classified as credit qualification through "nontraditional trade lines."

"I was all for it, but I didn't want to commit to this without knowing I had support from corporate," Talbert said.

He traveled to the Farmington Hills corporate offices of Republic Bank last fall and found his superiors liked the idea, too.

To offset the possible risk of relying on nontraditional trade lines, the bank grants marginally smaller loans than would otherwise be approved.

Mental health clients with bad credit -- an entirely different problem than no credit -- are encouraged to enroll in Jackson Affordable Housing programs to clean up their credit record.

Once a loan is approved, mental health clients can go through a program called Ameridream to buy without paying a down payment or closing costs.

Ameridream essentially shifts those costs to sellers as part of the "wiggle room" common in real estate negotiations, Talbert said.

Ameridream is designed to assist any low- or moderate-income home buyers. It is not limited to mental health clients.

Talbert met a skeptical audience of 72 mental health clients when he delivered his first home-buying seminar at Recovery Technologies offices Oct. 15.

"What's the catch? That was the first thing many people had to say," Talbert said.

"I never thought it could happen for me," said Lewis, who attended that first meeting. "I just felt I could give it a try and see what happens."

Seventy more people have attended two more seminars at Recovery Technologies -- where one wall is covered with home listings -- and a fourth seminar is scheduled for May.

Gallagher and Rockey have talked about encouraging new home owners to rent extra space to friends in the mental health system.

"You're empowering people to see themselves not as victims, but providers and viable human beings," Rockey said.

Lewis, who lives on the north side of Jackson with her two daughters, said her expenses as a home owner are comparable to renting.

"With the utilities and everything, it sucked us dry for nothing," she said. "You pay the same bills, but it feels good to know it's your own stuff.

"Now I tell everyone to have faith. If it happened to me, it can happen to anybody."

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