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Modifying the American Dream: An Ethnography of Foreclosure Prevention in the Great Recession

Modificando el "Sueño Americano": una etnografía de prevenciones de ejecuciones hipotecarias durante la Gran Recesión

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ABSTRACT: The United States' housing crisis and Great Recession of 2007-2009 ignited personal, political, and cultural reckoning with central facets of American identity, namely what it means to be middle class. Homeownership is historically a key symbol of having achieved the "American Dream" and entering an idealized middle class. As a cultural phenomenon, foreclosure is therefore a loaded symbol both of individual downward mobility and threats to a national myth of the American Dream. Drawing on ethnographic fieldwork conducted in Michigan in 2009-2011, this paper argues that the housing crisis created a liminal class status of "facing foreclosure". From that vantage point, homeowners facing foreclosure and housing counselors assisting them critically re-examined the meanings of middle classness. The fieldwork reveals that they relied on material, moral, and political demands to obtain mortgage modifications to reassert their status as middle-class subjects. When these efforts failed, they turned to systemic critiques rather than the individualized blame the American Dream would predict.

Palabras clave

Clase media
Estados Unidos
Ejecución hipotecaria
Etnografía

RESUMEN: La crisis de la vivienda en los Estados Unidos y la Gran Recesión de 2007-2009 propició un ajuste de cuentas personales, políticas, y culturales con facetas centrales de la identidad estadounidense, a saber, lo que significa ser de clase media. Históricamente, la propiedad de la vivienda es un símbolo clave de haber alcanzado el «Sueño Americano». Como fenómeno cultural, la ejecución hipotecaria es, por lo tanto, un símbolo cargado tanto de movilidad individual hacia abajo como de amenazas al mito nacional del Sueño Americano. Basándose en un trabajo de campo etnográfico realizado en el estado de Michigan entre 2009 y 2011, este artículo argumenta que la crisis de la vivienda provocó un estado de clase liminal de quienes se encontraban «enfrentando la ejecución hipotecaria». Desde ese punto de vista, los propietarios de viviendas enfrentando ejecuciones hipotecarias y los consejeros de vivienda que los ayudaron reexaminaron críticamente la clase media. El trabajo de campo revela que se basaron en demandas materiales, morales y políticas para obtener modificaciones hipotecarias para reafirmar su condición de clase media. Cuando estos esfuerzos fracasaron, recurrieron a críticas sistémicas en lugar de la culpa individualizada que el Sueño Americano predeciría.

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1. INTRODUCTION: NORMAL PEOPLE

> …America's going to lose some of their power if we don't turn this around, where we're, you know, not going to 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 going to live together.
>
> Amy, non-profit housing counselor interviewed in 2010 (our emphasis)

In the spring of 2010, I sat with Amy, a housing counselor at a non-profit agency in Michigan, where one out of eight of the Great Recession's foreclosures took place[1,2]. I had spent hundreds of hours volunteering with and observing activities at her and other agencies, including more than a dozen intake sessions with homeowners facing foreclosure. Amy was not usually political and so this intrusion of political commentary revealed a depth of anxiety not just about her hundreds of clients, or about what would ultimately be the half million foreclosures in Michigan, or the 12 million homeowners in mortgage distress across the country. Rather, the anxiety in her comment was a lens into the American cultural fusions of middle class and national identity embodied by single-family homeownership.

Amy's comments reveal what "normal people" are in the American imaginary. "Normal", like other privileged categories, is usually socially unmarked and invisible and must therefore be defined through its contrasts: in American ideology, normal people do not need food stamps or help paying their utility bills. Rather, normal people have sufficient income on their own, from their labor or savings, to purchase their food and pay for utilities for the single-family home that they occupy with their nuclear family. Normalcy is defined as a middle-class standard of living with a recognizable consumption pattern anchored around single-family homeownership. It is deeply influenced by a mythology of mid-twentieth-century economic abundance, particularly for White heterosexual nuclear families. Discursively, these norms are glossed as "the American Dream".

Widespread downward mobility for millions of homeowning households in and after the Great Recession (2007-2009) provides a lens for this paper to critically examine who came to be considered the "normal people" Amy indexed in her comments, what it means politically, materially, and affectively to be such a "normal middle class American", and how the foreclosure crisis and Great Recession troubled those normalizations. That the former commonsense status of beliefs about homeownership was thrown into crisis by the Great Recession is what makes foreclosure prevention efforts fruitful for exploring potential reconfigurations of American class identities and ideology.

The cultural myth of the American Dream established a national project embodied by a model citizen, in which middle-class homeownership stands in as a signifier for achieving that status. Foreclosure therefore threatens middle-class projects at individual and national scales. We show that in the Great Recession, homeowners in Michigan sought to

1 This paper is based on data collected and analyzed by Anna Jefferson. For ease of reading, references to fieldwork encounters use first person and refer to her. Both authors contributed to literature review, drafting, and editing.

2 All research participant names are pseudonyms.

reassert themselves as politically prized middle-class subjects by demanding mortgage modifications under government-sponsored programs. However, the failures of those programs to reliably produce mortgage modifications created a liminal class status of "facing foreclosure". This liminal state made visible a host of challenges to the American Dream, efforts to re-instantiate it, or modify it for a post-recession world —none of which fully succeeded—.

This paper is based on 20 months of ethnographic research in Michigan[3] from October 2009 through April 2011, based around foreclosure prevention activities by homeowners and counselors at non-profit housing counseling agencies. Michigan has unique resonance for understanding American middle-class identity because of the centrality of the Michigan-based auto industry to broadening the mid-twentieth-century middle class. Michigan has played a key role in the cultural imaginary of upward mobility and urban racial politics: the upward mobility of Michigan's blue-collar autoworkers attested to the accessibility of the middle class in general and homeownership in particular for those willing to work hard (Chinoy, 1992). Black workers were able to overcome systemic barriers to their entry to unionized auto work in Michigan, especially in Detroit (Sugrue, 1996). The struggles of Michigan cities through waves of deindustrialization beginning in the 1970s —including images of swaths of abandoned neighborhoods in Detroit, Flint, and other cities— have come to symbolize the decline of American manufacturing and rise of the globalized economy. The threatened downward mobility of the foreclosure crisis, like deindustrialization before it, created a moment for exploring the personal and collective meanings of middle class as a normalized category.

The foreclosure process in Michigan defined the field site. As part of the federal Troubled Assets Relief Program (TARP), the U.S. Treasury Department created a federal mortgage modification program called the Home Affordable Mortgage Program (HAMP) for financial institutions that received TARP bailout funds. Bailed out financial institutions were not required to participate in HAMP; rather, HAMP established voluntary guidelines for mortgage lenders to follow to modify delinquent mortgages to prevent foreclosure. Further, the state of Michigan passed a temporary law allowing homeowners working with a housing counseling agency or legal aid office to pause foreclosure proceedings for 90 days to negotiate an alternative to foreclosure (see Figure 1). As a result, client volumes at housing counseling agencies had increased significantly.

It was during this negotiation phase when I met and interviewed homeowners facing foreclosure. I collected the data through participant observation at non-profit housing counseling agencies, community meetings, and political rallies (approximately 500 hours over 14 months); interviews with homeowners facing foreclosure (*n*=29); and interviews with housing professionals and activists (*n*=34). To be included in interviews, I recruited a convenience sample of homeowners in mortgage default attempting to resolve the delinquency by working with their mortgage servicer[4]. Homeowners were reinterpreting

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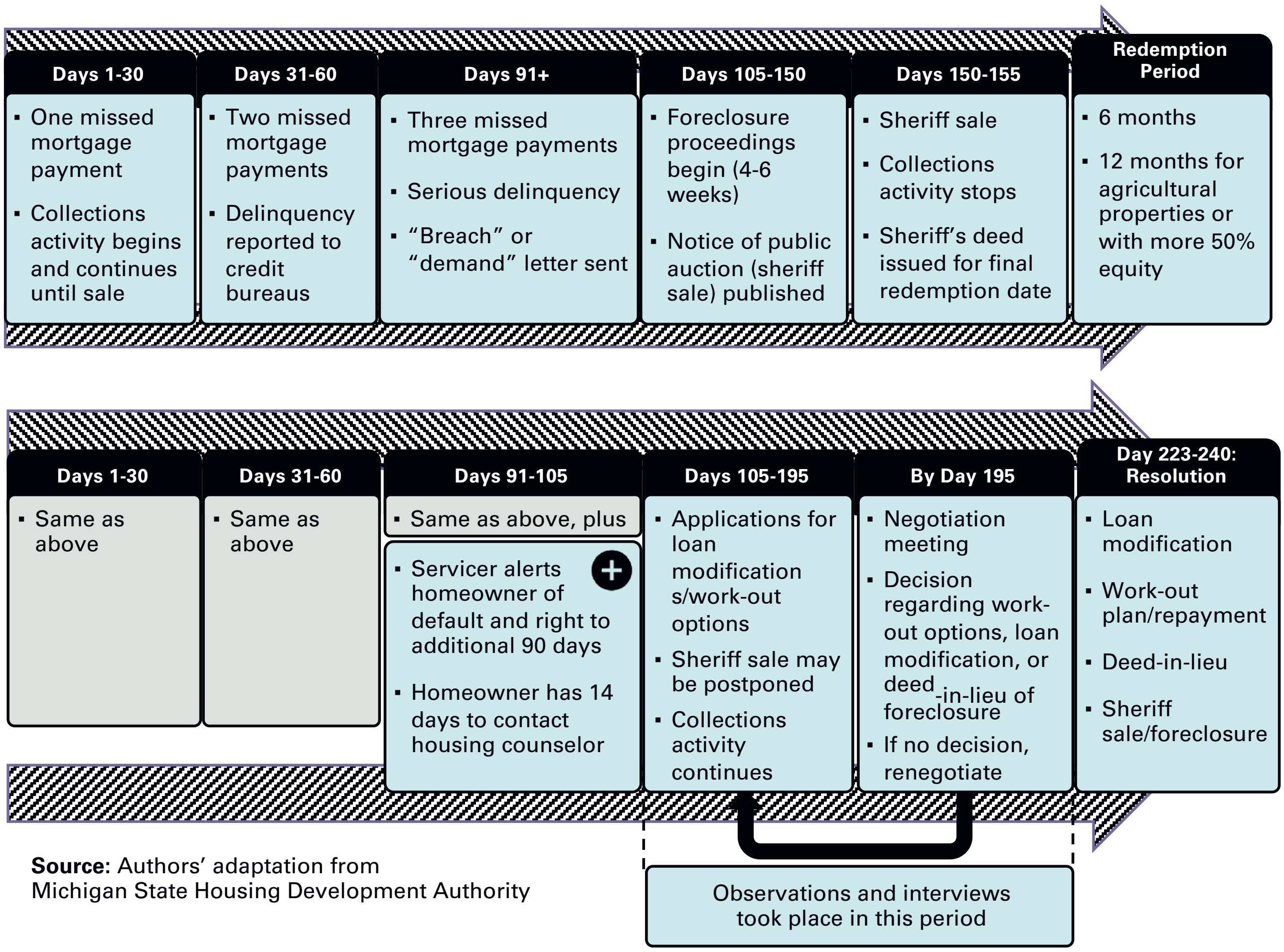
[3] Michigan, an industrial state in the upper Midwest region of the United States, was particularly hard-hit by the Great Recession: it had one of the highest unemployment rates during the Great Recession, at more than 10 percent (U.S. Bureau of Labor Statistics, 2012). Relatedly, in the decade that began with the Great Recession, Michigan was among the five states with the most foreclosures (CoreLogic, 2017).

[4] Initially I only recruited homeowners working with a housing counselor but later relaxed this criterion to learn about additional foreclosure prevention strategies homeowners used.

both their own experiences and current events of the Great Recession in general. Housing counselors worked with dozens or hundreds of delinquent homeowners petitioning mortgage lenders for relief under HAMP. As a result, they had broad insight about homeowners' experiences and deep insight into the policies and systems governing the foreclosure crisis. That is, they were uniquely positioned to contextualize homeowners' experiences. Interview transcripts and fieldnotes were coded thematically in Atlas.ti using an inductive codebook.



Note: Data are missing for the remaining homeowners.

Source: Authors' adaptation from Michigan State Housing Development Authority.

Figure 1

Standard Foreclosure Timelines

Demographically, the homeowners interviewed were evenly split by gender (54% women, 46% men) and were racially diverse, but predominantly White (71% White, 21% Black, 4% Hispanic or Latino, 4% other). The households were almost evenly split between first-time homeowners (44%) and not (50%)[5]. The median age of homeowners was 45. All homeowners owned single-family homes; most were repeat rather than first-time homeowners.

[5] Data are missing for the remaining homeowners.

2. THEORIZING THE MIDDLE CLASS THROUGH ETHNOGRAPHY

Ethnography is particularly suited to explore middle-class subjectivity, as it gives empirical specificity to consumption patterns, values, habits, subjective sense of oneself, and relations to the world that people experience as middle class in specific moments in time. Our analysis aligns with two decades of global ethnographic work that centers consumption as a practice that analytically unites activities across the state, the public sphere, and the rights and duties of belonging (Berdahl, 2005; Elyachar, 2002; Heiman, Liechty & Freeman, 2012; Porter, 2010; Verdery, 1998). We consider consumption to be a defining feature of citizenship, allowing us to think about citizenship as a broad suite of symbols and social practices (e.g., homeownership, mortgage debt), located across institutions (e.g., government-sponsored programs operated through banks and accessed via by non-profit agencies), rather than solely to a status conferred by a state to an individual. For anchoring our analysis in the American middle class, we are strongly indebted to Kathryn Dudley's (1994) formative work on morality and deindustrialization and Sherry Ortner's (2003) framing of class as a national project.

Materially and politically, ethnography of class builds from Marxian analytic traditions on class arising from workers' relations to the means of production and the state's relations to capital. What it means to be middle class shifts over time, in part as the state's relations to capital change (Fehérváry, 2012). Class labels are imbued with moral hierarchy, defining not only goods, people, and practices in relation to capital but also whether these are (morally and culturally) "appropriate and inappropriate, the right and wrong, the admissible and inadmissible" in society (cited in Visacovsky, 2017: 30). Members of the middle class are "increasingly (…) hailed by political and corporate leaders" around the world (Heiman, Liechty & Freeman, 2012: 7). Being middle class has long been morally and politically the most esteemed category in the United States, with middle-class morality and consumption being archetypal of the good American citizen.

The paradox of consumption for the middle class is that while spending upholds an individual's class status and makes them feel middle class, it also locks them into further debt and financial vulnerability while exacerbating class inequalities (Sabaté Muriel, 2018; Montgomerie, 2009; Williams, 2004). In the context of mortgage debt, several mechanisms reproduce these inequalities: irresponsible mortgage lending practices including predatory lending and sub-prime mortgages, and veiling risks of consumption such as mortgage indebtedness through misinformation and lack of transparency (Reid, 2010; Sabaté Muriel, 2018). The American middle-class experience from the 1990s to the 2008 recession was contradictory and anxiety-riddled for the middle class, due to a dramatic upscaling of the middle-class experience coupled with the struggle to finance infrastructure of homes, jobs, and credit (Heiman, 2015). Heiman concludes that the middle class has adopted a subjectivity of "rugged entitlement", to claim a way of life that was increasingly difficult, accompanied by the anxiety required to maintain and further this class position. Acknowledging such mechanisms is necessary to interrogate and refute the narrative that blames the lower or middle classes, no classes for their indebtedness.

Homeownership is one of the consumption practices globally that most signifies middle-class status (Parker and Walker, 2013; Ronald, 2008; Weiss, 2014; Zhang, 2010). The values assigned to homeownership under late capitalist regimes are remarkably consistent, including high

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status, rationality, security, autonomy, control, adulthood, and good citizenship (Ronald, 2008). Weiss (2014) argues that homeownership in Israel is a symbol of achieving security, and that therefore homeownership is important for the middle class's ability to maintain and reproduce its class status. In China, homeownership is situated within "the middle class's quest for a 'private paradise'" in the way that it creates "a tangible location for a new class to materialize itself through spatial exclusion, cultural differentiation, and lifestyle practices" (Zhang, 2010: 2-4).

Across myriad settings, an anxious "longing to secure" characterizes middle-class immaterial and affective labor (Heiman, Liechty & Freeman, 2012). Values, such as personal responsibility, initiative, and perseverance, are central to middle-class identity —not just holding middle-class them, but performing them (Dudley, 1999; Ortner, 2003)—. For example, in studying the effects of auto plant closures in the American Midwest, Dudley (1999) noted that community members not only claimed to have specific middle-class values, such as being self-responsible masters of their own fates, but they had to constantly perform those values to give them credibility. By foregrounding this affective labor, anthropologists call attention to middle-class identity as precarious and requiring constant maintenance, rather than a stable achievement. We adopt this insight as well as Sherry Ortner's (2003) analysis, following Sartre, of class not as a location or thing but as a "project" —that is, "something that is always being made or kept or defended, feared or desired" (p. 13-14)—. This analytic stance is in direct contrast with hegemonic American beliefs about class, to which we now turn.

3. HOMEOWNERSHIP AND THE AMERICAN DREAM

Given the ubiquity of homeownership as a tool of middle-class projects globally, it is worth defining the particularities of American homeownership. Over the past century, homeownership has been central to the United States' "folk gospel" (Chinoy, 1992) of the American Dream that depicts a model of American citizen. In describing a model American citizen and his (historically *his*) life course, the American Dream implicitly defines the citizen-state and market relations that create the conditions of possibility for such an American. It posits that the United States is a meritocratic society where a hard-working, self-responsible individual will be rewarded for his efforts with upward mobility and material comforts (Dudley, 1994; Gillin, 1955; Ortner, 2006; Spindler & Spindler, 1983). Typically, these markers of mobility include one or more of higher education, success in business, and homeownership.

The American Dream establishes American identity as culturally and politically middle class: to be fully American is to be middle class. To be middle class is to be hailed as the most politically valued subject, the one to whom the government claims the most discursive loyalty. To *feel* middle class implies not only that one feels the requisite personal virtues, but also that one feels that the government is prioritizing your needs and desires —that policies, programs, and the market are structured to respond to one's desires—.

Individualism is central to this ideology, and the individuals it conjures up are willing to cope with adversity and accept responsibility for their situations (McGinnis, 2009) rather than depend on government aid or provisioning. It is also a crucial element of the middle-class bargain that government interventions for middle-class success are made invisible so middle-class Americans can believe they "made it on their own" (Coontz, 1992). In positive cases, the American Dream enables subjects to feel pride and effective agency when they can achieve upward mobility. Its negative, of course, is to label and exclude “others” from the possibility of belonging. The most obvious case of exclusionary othering in the United States was, of course, anti-Black racism that for centuries excluded Black people from legal citizenship rights and from full cultural inclusion, including in the middle class both materially and symbolically (Ortner, 2003; Pattillo, 2007).

Class is simultaneously a journey and the location one arrives at in the American Dream: one travels upward until “achieving” (arriving at) a higher status. Class fluidity or downward mobility are not aberrations in practice, especially for non-White Americans[6], but do contradict the ideology of upward mobility. Because individualism is a core value enshrined in the American Dream, Americans have tended to blame themselves when their ambitions fail, when they do not improve their class position, or when economic systems change in ways that harm them (Chinoy, 1992; Dudley, 1994, 1999; Newman, 2006). However, as ethnographic examples will show, Americans facing foreclosure in the Great Recession understood their downward mobility not as individual failures but as systemic ones.

In the postwar period, owning a home became the signature, if not singular evidence, of having achieved the American Dream (Cullen, 2003) —and thereby having entered the middle class—. As Ortner summarizes, “the middle-classing of (white) America” in the postwar period 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” (2003: 28).

American institutions and culture reward homeownership richly and multiply, both objectively and subjectively. Objectively, homeownership is a primary wealth-building strategy. The American tax code privileges homeownership over renting, and homes comprise the bulk of American households’ assets. Subjectively, homeowners experience greater control (subjective and objective) over their living environments, higher self-esteem, higher ontological security, and a greater sense of accomplishment than do renters (Fields, Libman & Saegert, 2010; Rohe, Quercia & Van Zandt, 2007; Ross, 2009). Neighbors use housing status in the micro-politics of their neighborhoods —owners versus renters, residents of public housing or market-rate housing— as proxies for class status (Pattillo, 2007).

Indeed, in Perin’s (1977) early ethnography of American homeownership she concluded that owning a house was “citizenship perfected”. She continues that, through mortgage debt, homeownership ties homeowners into citizens loyal to the financial and public institutions that have made homeownership possible. As Formanack’s (2018, 2020) work on mobile homeownership forcefully demonstrates, there continues to be a hierarchy of cultural and legal ownership categories, with single-family homeownership on top and mobile homeownership, not dependent on owners’ participation in debt regimes, remaining suspect and excluded.

Widespread foreclosures undermine personal and collective identification with upward mobility and the American Dream and its attendant moral, political, and economic order (Saegert, Fields & Libman, 2009). At a national scale, foreclosures became perceived as

[6] See Pattillo (2007) on class fluidity for Black Americans.

a "crisis" precisely because they were increasingly affecting middle-class —and White— Americans[7]. That is, foreclosures became a cultural crisis when they threatened the perceived stability of the American Dream.

The small but significant body of qualitative research on foreclosures in the United States (Castro Baker & Keene, 2016; Jefferson, 2013a, 2013b, 2015; Fields, Libman & Saegert, 2010; Ross, 2009; Stout, 2015, 2016) consistently finds that facing foreclosure was:

— Protracted, with its duration and liminality being the most salient negative qualities;
— Characterized by ontological insecurity and a threatened loss of status;
— Filled with frustration, thwarted agency, and disillusionment with Kafkaesque behavior by banks as homeowners sought loan modifications;
— Shaped by coaching from housing professionals to constrain homeowners' expectations and emotions; and
— Marked by political disillusionment at the ineffectual government response.

As we show in the next section, homeowners' fervent demands for mortgage modification were their attempts to reaffirm the cultural, legal, moral, and financial order to which they had consented, and which had enabled them to occupy a favored middle-class position.

4. MODIFYING THE AMERICAN DREAM

This section explains, through a close reading of the ethnographic data, how foreclosure prevention efforts under HAMP modified the American Dream both in a technical material sense —modifying mortgage terms— as well as affectively, morally, and politically. We argue that these valences of modification show how homeowners and housing counselors understood, in a time of crisis, the cultural and institutional arrangements of the American Dream centered on homeownership.

Modifications to mortgage terms were one of several alternatives to foreclosure available under HAMP. These alternatives included homeowners repaying all their arrears to catch up on their mortgage payments; the lender writing off the arrears; the lender agreeing to settle for proceeds from a "short sale", where the homeowner sells the home at its current market value which is less than the mortgage balance; and the lender agreeing to modify the terms of the loan to something the homeowner could afford going forward, which could be done on either a temporary or permanent basis.

There was consensus among all my interlocutors in this research that what homeowners wanted was a modification. In a broader sense they wanted 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. One client, Donna, a retired state employee, came to a

[7] See Immergluck (2009) on the lack of national outrage over predatory refinancing schemes targeting Black homeowners.

counseling agency after one of her friends received a loan modification. That friend lived in the same historically African American neighborhood. As in so many other communities of color, their neighborhood had been targeted by predatory and subprime lending. Donna and her friend experienced their housing situations as identical: their houses had been subject to the same levels of foreclosure and price decline, they had the same national lender, and similar mortgage terms. Donna's friend received a modification within a few months of applying. As of the last time I heard from Donna, she had been working with a housing counselor nearly two years to obtain a modification[8]. Donna 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. Homeowners were likely most familiar with a loan modification as foreclosure resolution because of its high public profile and they likely believed a modification would help them stabilize financially, even if this was uncertain[9].

A HAMP modification carried both material and symbolic importance to homeowners, signifying that institutions still worked on their behalf. In other words, having been hailed by the state and corporate leaders to become proper middle-class subjects, homeowners facing foreclosure sought to hail back these same state and corporate leaders to read them as favored citizens. By demanding loan modifications under the federal program, homeowners demanded to reobtain the state and market system's allegiance and support, while rejecting such an intervention as equivalent to welfare-like forms of state aid. This hailing —of the state and corporations by subjects— follows from the middle-class ethos that social and institutional systems are fair; if not, it strains credulity to believe in the United States as a meritocracy.

One interviewee summarized homeowners' typical experience of repeatedly calling their lender to petition for relief. Odell — as similarly described in Castro Baker & Keene (2016), and Stout (2016)— described his experience with the automaton-like representatives at his mortgage servicer before he came to the housing counseling agency: "Every time I tried to contact them, tell them I couldn't afford it, they said, we'll send you a [loss mitigation] packet. So, I'd fill out the packet and all the paperwork that they wanted, send it back". A loss mitigation packet is the set of forms and financial documents homeowners submit to qualify for HAMP options, including proof of one's finances, such pay stubs and old tax returns, to prove a current inability to pay, a hardship letter detailing in narrative form the reason for their mortgage difficulty and a legal affidavit attesting to the truth of their hardship claim. As Odell explained:

> 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 [go] weeks —three, four weeks— without even hearing from them. Before

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[8] Her counselor explained to me that the difference between Donna's case and her friend's was that different investors own the loan. A mortgage investor owns the mortgage debt. A servicer collects the payments. Immergluck (2009) provides a clear discussion of the contemporary mortgage market.

[9] In practice, early loan modifications tended to 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 (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.

> you know it, you're falling further and further behind, so you call 'em and you talk to them, and they tell you the exact same things over and over and over.

This period after loss mitigation documents were 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 three, four, as many as six times before the lender acknowledged it (White, 2010). Odell, like other homeowners I interviewed, exposed the lenders as systemically failing to abide by the program rules and provide the help he needed to hold onto his home and therefore his middle-class status.

The systems —or lack thereof— at mortgage servicers set homeowners up to fail. The bitter political irony for homeowners was that the very TARP program that funded these efforts was to bail out financial institutions deemed "too big to fail". Protest movements at the time, including most prominently Occupy Wall Street, sloganized homeowners' (and renters' and workers') experiences of betrayal by the state in favor of capital as: "Banks got bailed out, we got sold out".

While housing counseling sessions were explicitly apolitical, housing counselors' ethics and practice shaped their own and clients' dispositions in ways that at times reinforced and at times renegotiated the meaning of middle classness. While considering themselves advocates for homeowners' best interests, housing counselors also managed and constrained their emotions in ways that reinforced the performance of middle-class values. Facing foreclosure is an intensely emotional and volatile state; counselors knew this and were divided about how to address their clients' feelings. The best practices taught by industry leaders are to not engage emotionally with clients because to do so would derail the focus of the session and detract from its quality as a business encounter. 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 and be resilient, as in preparing them emotionally to lose their home. At the same time, counselors coached homeowners to remain unfailingly committed, organized, and enterprising, to "never give up" on their applications for modifications and consider each request to resubmit the onerous loss mitigation packet as an opportunity because "it means there's still a chance". They were coaching them to continue to act as precisely the kind of self-responsible optimist conjured up in the American Dream.

According to housing counselor Cindy, "we try to avoid" the unitary focus on loan modifications in her organization because a modification was an unlikely outcome for most clients. However, this misses the point of the symbolic value of a mortgage modification. Homeowners facing foreclosure confront the very real possibility of losing their status as privileged citizens.

Facing foreclosure challenged these implicit understandings and forced homeowners and housing counselors to make more explicit bids for government and corporate intercession. While homeowners did understand their lenders' underlying motive as profit, they were nevertheless aghast at their lack of morality and abuse of public institutions via bad faith participation in HAMP. Distressed homeowners and housing counselors interpreted banks' actions as evidence of a profoundly broken social contract: The experience combined deep personal affront with incompetence and the moral depravity of corporations, and corruption by both financial institutions and government.

Homeowners Wendy and Nate were particularly disturbed by what they considered their mortgage servicers' and investor's brazen, corrupt relation to the Treasury Department through the HAMP program. When I met them at a counseling agency, they had secured a temporary loan modification from their original servicer, a subsidiary of a major investment bank, at what appeared to be the lowest interest rate allowed under HAMP. However, on the day they sent in their modification paperwork and lower payment, they got a letter that their loan had been sold to another servicer also owned by the same investment bank. The company accepted their first two payments but sent back the next two. When they came to meet with housing counselor Amy, their second servicer listed them as 90 days behind, even though they had tried to send in their payment every month. They had three statements that each told them to pay a different amount.

"Oddly", Nate intoned in mock surprise, "when the first month's modified payment was due, they sold it". Nate considered the sale a self-dealing conflict of interest and Wendy had found a multitude of similar complaints about these same servicers online. 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 [the first servicer] got payment through the government for our modification, now [the second servicer is] going to get paid for a modification, too". Each time a mortgage servicer processed an application for a HAMP modification, it was paid an incentive of up to $800 by the Treasury Department. They assumed, therefore, that the investment bank purposefully sold their mortgage to another one of its subsidiaries after being paid for one HAMP modification. The timing of their mortgage's sale struck them as an act of base corruption and may have fed into Nate's broader anti-government stance[10].

Homeowners I interviewed who expressed views across the political spectrum —Nate, with his Tea Party anti-government critiques, to old guard Democrats disillusioned by the Democrats they had voted into office at the time, to progressives— shared a sense of disillusionment, as their personal experiences of betrayal by the market and government when they were working in good faith contrasted with what they saw as the uncritical favoritism afforded to big banks that had been reckless and were now being obstructionist. To those intimately involved, these critiques were rooted in very apparent patterns, though they were not broadly recognized at the time. It would not be until 2012 that all 50 state attorneys general and the federal government reached a $25 billion settlement with the nation's five largest mortgage services for their abuses in the loan servicing and foreclosure process of this time (HUD, 2012).

As Nate and Wendy recounted their conspiracy theory, Amy 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 Amy had parsed the statements, she explained that the couple should not be counted behind because homeowners receive a statutory grace period when their loans are transferred between servicers.

[10] There is extensive literature on conspiracy theories (see Hornsey *et al.,* 2022 for a recent review), particularly with respect to the U.S. government, that is beyond the scope of the article.

Corruption in this case is a multifaceted notion: for homeowners, corruption meant that financial institutions were bilking the U.S. Treasury Department through several practices and that, to some degree, the government was either complicit with or ineffectual against it. These included repeatedly offering them trial mortgage modifications instead of permanent ones, since HAMP paid mortgage servicers for each trial modification they offered. One specific variation of this was that some homeowners believed that their lenders cynically used their complex conglomerate arrangements to sell their mortgage (or the right to service it) to their subsidiaries so the parent company could collect late fees and mortgage modification incentives. Analytically, we understand corruption more broadly than this graft. Following Drexler (2008), we think of corruption as distortions that make institutions illegible, that is, incapable of carrying out their mandates and unrecognizable and illegitimate in the eyes of their publics.

All together, these experiences and attitudes contributed to homeowners feeling like they were living with a breakdown of the social order. Their critiques of systemic failures by institutions in the market and government enabled them to imagine different moral choices than the ones that had defined their lives before. When I began fieldwork, Elaine, a White woman in her sixties, had already been working with a housing counselor for over a year. She was well past the time when nominally she should have been able to obtain a resolution to modify her loan or foreclose. However, like millions of homeowners in this period, the Kafkaesque experience of resubmitting paperwork had stymied her obtaining the modification she earnestly hoped for. 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 [from their mortgage debt]. I never did before".

For a homeowner to "walk away" means to abandon their debt payments and to threaten to walk away from the middle-class morality of the American Dream. Cross-culturally, debt is inscribed as a moral responsibility and, for American homeowners, one's mortgage is the most morally laden debt. Yet, the foreclosure crisis opened the possibility of abandoning debts when they feel they have been acting in good faith while their lender has not (Jefferson, 2013a; Sabaté Muriel, 2020; Stout, 2016). They become so frustrated by the uncertainty that they give up —or at least consider giving up— negotiations (White 2010). When homeowners, like 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 (Saegert, Fields & Libman 2009; Stout, 2016; White 2010). Once lenders have broken the social terms of debt relations, homeowners feel emboldened to walk away from the financial, political, and moral terms of middle classness —in other words, they feel abandoned by the system and free, in turn, to abandon the systems themselves—.

5. FACING FORECLOSURE AS A LIMINAL CLASS STATUS

The legal and policy environment created by the Troubled Assets Relief Program (TARP), Home Affordable Modification Program (HAMP), and Michigan's 90-day foreclosure negotiation law also created a liminal but protracted (sometimes yearslong) state of "facing foreclosure". Liminality is an anthropological concept initially developed to describe the second ("threshold" or transitional) stage of a tripart rite of passage. During a liminal phase, an initiate has been separated from their old life and is awaiting transition to emerge, in the third stage of reintegration, in their new identity. The liminal phase, when one is famously "betwixt and between" states, is a dangerous one because the initiate does not belong to recognized social categories, is not subject to normal social rules, and is vulnerable to the rite of passage failing. Liminality has temporal, spatial, and social dimensions of separation. The concept has also gained much broader usage to refer to collective experiences of upheaval and transition where normal social order and hierarchy are suspended (Thomassen, 2009). Liminality at a large scale intersects with other rich bodies of anthropological theorizing on social crises (Goddard, 2006; Visacovsky, 2017).

Foreclosures in the Great Recession make clear cases for individual and collective liminality. From the threshold of foreclosure, homeowners and housing counselors reassessed the meanings of middle classness, not knowing whether or how homeowners and their society might reintegrate from this rupture. Two types of temporality, one personal and one collective, are required to understand the liminality of facing foreclosure.

First, a personal life course of upward mobility has been central to the American Dream; indeed, upward mobility is the normative discourse of class in the United States. In this ideology, an American is born working or middle class and should expect, through their individual hard work and determination, to progress to a higher-class position than they started in, such that each generation enjoys more material comfort than the previous. Progression from renting to owning one's home is also central to this transformation into adulthood and full American citizenship (Perin, 1977). The discourse of "achieving" the American Dream signals that class mobility is a one-way street in the United States —only and ever upward, despite lived experiences to the contrary (Jefferson, 2015; Pattillo, 2007)—. When people experience middle classness as more fluid, it fails to offer the ontological security it promised.

Second, historical awareness and nostalgia were central to understanding middle-class identity more broadly. Homeowners and housing counselors layered their analysis of the American Dream on their awareness of and experiences with critical historical events that confirmed or contradicted it. Collective memories about past critical experiences play a key role in the interpretation of crises (Visacovsky, 2017).

These two temporalities intersected for Michigan homeowners and housing counselors whose partners, parents, and grandparents built the American auto industry in service of personal and national advancement[11]. Downward mobility for Michigan homeowners, then, threatened not just material loss or their self-definition but alienation from their own history and from the nation (Jefferson, 2015[12]).

[11] See Chinoy (1992) in particular.
[12] See Cohen (2003) on identification with national projects.

Older White homeowners were especially nostalgic about the contrast between their earlier lives and the present. Evelyn, a divorced white homeowner in her 70s, illustrated the way work could get you "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 (...) times were good.

Evelyn was one of many homeowners who lamented that a strong work ethic was no longer good enough to obtain the American Dream.

Homeowner Mary epitomized the temporality fluidity some homeowners used to continue claiming a middle-class identity when their current standard of living did not support it. She had grown up in the mid-twentieth century in an auto manufacturing family with a comfortable standard of living that included pleasures like vacations twice a year —a lifestyle she felt had represented the American Dream—. Facing foreclosure in her 60s, and nostalgic for her childhood standard of living, she located herself multiply and complexly in the class system. Although she self-identified as "below the middle class" when asked what class she belonged to, she also permanently identified with the middle class by virtue of her 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 may be one's later status that counts, since that conforms to the ideology of ascension to the middle class as an achievement.

To understand facing foreclosure as a liminal status invites reflection on what a return and reintegration from this status looks like. If foreclosure was averted through a loan modification or other resolution, a homeowner would reintegrate into their former class status. If a homeowner was foreclosed on under these conditions of mass crisis, the meaning of that foreclosure and their status on the other side was an unsettled question at the time of this fieldwork, with varying views coming from housing counselors and homeowners espousing a wide range of views: the standard for housing professionals was to project forward through the steps a foreclosed homeowner to become what they called "re-mortgageable". That is, their professional expectation was that the normative ideal of homeownership was undisturbed. They were equipped to use their skills to help someone through the long rituals required (waiting seven years for the foreclosure to disappear from a credit report, other credit repair work, homebuyer education) to resume their homeowner status.

Homeowners were more varied in their assessments of what might come after if they did not stabilize their homeowning situation. Some suggested that losing a house to foreclosure or walking away from it were acts of near-spiritual enlightenment that reflected giving up materialistic values to focus on "what's really important" (Jefferson, 2013b). Former homeowners might also adjust their self-perceptions to identify with a lower-class status, though those who discussed being in a lower-class position clearly chafed against it. Despite the widespread political disillusionment, there was negligible discussion about explicitly political or collective identity formations around a shared experience of facing foreclosure —frustration and betrayal had not given way to new political identities or creativity among the homeowners and housing counselors I interviewed—.

6. CONCLUSION

In this paper, we have relied on homeownership as the key consumption practice to understand American middle-class citizenship. Consumption not only defines class in a material sense but gives analytic purchase to understand citizenship as a set of social practices and meanings distributed across individuals, state, and non-state actors. Contemporary homeownership relies on heavy mortgage debt, a complex web of financial instruments, and specific economic conditions to make debt-fueled homeownership sustainable. When those conditions faltered at a wide scale beginning in 2007, it threw millions of individual homeowners into foreclosure and threatened the underpinnings of America's middle-class ideology.

The American Dream primes Americans to believe it is the natural course for Americans —individually and as a collective— to succeed more economically in each passing era. It primes Americans to normalize upward mobility and so to blame themselves individually when they do not succeed economically. For if the normal course of events is for an American (especially a White one, given the country's systemic racism) to improve themselves economically, it is only a natural conclusion that there must be something particularly wrong with an individual who does not succeed in such an environment. Accordingly, Americans have historically blamed themselves for economic failures, even in prior cases of systemic failure such as deindustrialization (Dudley, 1994; Newman, 2006) and widespread farm foreclosures (Dudley, 2000), or have doubled down on debt to maintain the veneer of their standard of living, extracting a toll of anxiety on themselves and perpetuating the drivers in equality (Heiman, 2015; Montgomerie, 2009; Williams, 2004).

In the Great Recession, homeowners and housing counselors in my field site repeatedly petitioned for mortgage modifications through flawed programs implemented by lenders proven to be acting negligently and in bad faith. We understand these petitions for mortgage modification to simultaneously serve homeowners' material and political desires: materially, to obtain a more affordable mortgage payment and politically, to be recognized by these state-sanctioned programs as a model citizen worth saving.

Instead of resolving homeowners' defaults, lenders and government agencies produced a protracted liminal state of "facing foreclosure" for homeowners who were no longer securely middle class but not yet clearly something else. The dangers inherent in a liminal state —that the social order is upended, the normal rules do not apply, and that the transition ritual (a mortgage modification) might fail— were amplified. Impacted homeowners appeared to reject individuating blame —despite strong discursive efforts to paint them as irresponsible— and instead, to take on heightened awareness of systemic factors responsible for foreclosures and disillusionment with institutions (Stout, 2015, 2016). Homeowners' laments about their personal experiences are rooted in critiques —some explicit, some implicit— that society (represented by market institutions and government) was not giving individuals who identify with the middle class the opportunity and possibility to feel middle class. They believed they had acted like model citizens, but their efforts were not greeted with the response they expected. Unlike in earlier historical moments, they did not conclude that it was they themselves who had failed or were broken, but rather the systems no longer responded to hailing from the model citizens it had produced.

This led to personal disillusionment and follows a trend of Americans' waning trust in institutions but did not produce a watershed renegotiation of the American class identity. Rather, we perceive it produced a more acute sense of personal and collective instability (Heiman, 2015) and a sense of institutional failure and mistrust (Stout, 2016). This upheaval and lack of closure accords with a reading of American middle classness itself being in a protracted liminal state.

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