

Justice on side of loan victims

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For years, the rapid judgments in favor of banks by [Queens](#) judges led housing activists and lawyers to grimly dub the process a "foreclosure mill."

Even if the lenders were fly-by-night operations, borrowers rarely showed up in court to challenge them, said [Josh Zinner](#), co-director of the Neighborhood Economic Development Advocacy Project.

"The judges never looked carefully at these loans," Zinner said. But with new attention on the subprime lending meltdown, victims of shady mortgage brokers are more likely to see favorable judgments, advocates said.

"The way the courts are seeing it right now, if there's fraud involved, you're in a repairable situation," said [Peggy Morris](#), director of [Jamaica](#) Housing Improvement, an advocacy group.

"If you have some money, you can stand your ground," said Morris, who has steered many homeowners to private attorneys. Morris said owners are in a better position than ever to get sympathy from the courts.

As [Johnnie Stallworth](#), 46, of [St. Albans](#), found.

When Stallworth's wife, an airline caterer, lost her job, Stallworth, a mailroom collator at [The New York Times](#), couldn't make the \$2,400 monthly payments on his Mangin Ave. house.

Morris sent him to foreclosure attorney [Howard Sherman](#), who discovered that the Jamaica realty firm [Dream Homes Realty](#) had duped him into buying a home for \$352,000.

"They told us we could afford it," Stallworth recalled, even when he and his wife insisted they were on a budget. "They said, 'We'll take care of everything.'"

Dream Homes also falsified his loan application and declared Stallworth's income as \$5,000 a month, Sherman found.

After a judge heard Stallworth's case, the bank settled and agreed to toss his past debts and the bad mortgage, as well as to erase negative credit reports.

"I can walk away clean," Stallworth said.

Sherman, who has handled 40 cases in Queens and charges a set fee, said judges have come to "understand that the people who were wronged were the borrowers."

"One judge summed it up: '14,000 Queens residents can't be wrong,'" Sherman said.

Public school teacher [Theretha Johnson](#), 41, went to Sherman after learning her deed was stolen in a refinancing scheme that inflated her \$1,448 monthly payment to \$2,500. A judge lowered it to \$1,800, and she may yet recover her 177th St. property.

"I'm a fighter, but it's been difficult," said Johnson, who still struggles to make the payments. "The people who did this should be behind bars."

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