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BofA calls time-out on foreclosures

Nation's biggest lender will take a breather as it looks over policies and procedures that have come under increasing scrutiny; joins J.P. Morgan Chase and others in calling for hiatus.

By [Amanda Fung](#)

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Bank of America Corp, the nations' largest bank, announced Friday that it is stopping all foreclosure sales and proceedings in all 50 states. The move gives New York homeowners a glimmer of hope, but it's unclear whether it will really provide any longer-term relief.

The Charlotte, N.C.-based bank's decision to halt foreclosures follows similar moves by J.P. Morgan Chase and GMAC Mortgage, which froze foreclosure cases last week to examine the process for documenting and filing foreclosures, which have been shown to have been faulty in some cases. While housing advocates acknowledge that the problem is widespread and needs to be addressed, they are concerned about what it means for homeowners who are currently negotiating with their lender.

"We will stop foreclosure sales until our assessment has been satisfactorily completed," BofA said in a statement. BofA could not be reached immediately for further comment.

Some thought the bank should go further.

"If they are going to halt foreclosures they should not continue to collect interest and fees," said Josh Zinner, co-director of the [Neighborhood Economic Development Advocacy Project](#). "They should use this period to improve performance and their efforts into getting borrowers into affordable modification programs."

The halt in foreclosures comes amid reports that banks have used so-called "robo-signers" to sign hundreds of documents and affidavits used to foreclose on a home without reviewing them.

In New York, these documents are crucial because most properties have securitized loans with multiple stakeholders. An institution needs to own the note and mortgage on the property in

order to foreclose, explained Mr. Zinner. Additionally, New York is a state where foreclosures need to be approved by a judge.

“This is a fundamental issue,” Mr. Zinner added. “Lenders need to fix this issue.”

Others, like Michael Hickey, executive director at [Center for NYC Neighborhoods](#), which provides mortgage and foreclosure prevention counseling, do not support a moratorium on all foreclosures, especially in New York, because they believe it will just slow down the progress the state and local government have made in helping New York homeowners.

“Presumably if they are halting all foreclosure actions everything stops in its track,” Mr. Hickey said.

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