



Record number of subprime mortgage foreclosures here

By Pete Davis

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Subprime mortgages are causing a dramatic spike in foreclosures throughout the city with Queens homeowners facing the most devastating effects.

Between January 1 and March 19 of this year, 1,223 foreclosure notices were filed within Queens, which puts the borough on pace to shatter the record 3,625 foreclosures that were filed last year.

According to preliminary 2007 numbers [January 1 through March 19] from a study by the Neighborhood Economic Development Advocacy Project (NEDAP), the rise in foreclosure filings in Queens began spiraling out of control in 2006 when filings increased by nearly 1,000 from 2,666 filings in 2005.

“It’s really been a feeding frenzy the past few years,” said NEDAP’s Executive Director Sarah Ludwig. “When you see a pattern where there are so many in a year or two, that’s a flag that goes up that maybe they [the loans] weren’t affordable when they were made.”

Trends show that subprime loans, which lenders write for people with a poor credit history and often contain high interest rates that cause borrowers to default, are prevalent in the Southeast Queens community.

“The underwriting has been so bad and reckless, and there hasn’t been strong regulatory oversight by a government agency,” Ludwig said. “The lenders are the ones responsible for making sure the loans are affordable, not the borrowers.”

Oda Friedheim, who has been a staff attorney at the Queens Neighborhood Office of the Legal Aid Society since 1996, has counseled a number of victims of subprime mortgages in that area.

“These predatory and subprime loans are often targeted specifically at people of color, low income and vulnerable people,” she said.

Friedheim mentioned Jamaica, an area where there are not many reputable banks, as a neighborhood that has a high number of victims.

“People here are even more likely to be victims of these unconscionable mortgage brokers,” she said.

Both Friedheim and Ludwig said that this problem has been going on for a number of years, but only came into the spotlight recently when effects began being felt on Wall Street.

In addition, they both said that once the foreclosures are filed, more problems typically arise for the homeowners. Oftentimes blocks in Queens neighborhoods are littered with flyers and notices claiming to be from foreclosure rescue services, but these generally lead to another set of problems.

“Once people get into the trouble as a result they are often targeted by another set of scammers,” Freidheim said.

Next week, the New York State Banking Department is kicking off a statewide campaign to address abusive lending and mortgage fraud - a reform that Ludwig said needs to take place on both the state and federal level.

“[The numbers] are unacceptable,” she said. “We can’t have this many people lose their homes. It’s devastating for them as well as the neighborhoods.”

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