

## Help urged for N.Y. residents facing foreclosure

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By Joseph Spector  
Albany Bureau

ALBANY — A coalition of civic and community groups Thursday urged the state to create a \$100 million fund to help bail out the rising number of New Yorkers facing foreclosures because of the subprime lending crisis.

Also on Thursday, Attorney General Andrew Cuomo announced a lawsuit against a major real estate appraisal company, alleging the company colluded with a bank to inflate the appraised value of homes. Cuomo claims the alleged national scheme is contributing to the subprime mortgage dilemma.

The lawsuit claims that eAppraiseIT, a subsidiary of First American Corp., “caved to pressure” from Washington Mutual to use appraisers who allegedly inflated home appraisals. Washington Mutual said Thursday it is suspending its relationship with the company.

The actions come as New York and other states brace for an uptick in foreclosures that is crippling the U.S. housing market.

The group New Yorkers for Responsible Lending called on Gov. Eliot Spitzer in his 2008-09 budget to establish a fund as a way to offer loans to homeowners who can't get credit otherwise.

The group, which represents 132 agencies, is also asking the state to provide \$5 million to support foreclosure-prevention counseling and outreach services.

The group cited reports from RealtyTrac Inc. that showed there were 49,000 foreclosures in the state during the first six months of the year — about the same amount as all of 2006.

On Thursday, RealtyTrac said home foreclosures in the U.S. doubled in the third quarter compared to the same quarter in 2006. The company said that an increased number of borrowers were unable to make higher payments on adjustable-rate mortgages. New York had 14,272 foreclosure filings in the third quarter, the company said.

“We are in the midst of a major, unprecedented foreclosure crisis in our state,” said Sarah Ludwig, executive director of the Neighborhood Economic Development Advocacy Project, a Manhattan-based group.

“We are calling on (Spitzer) to take action to assist the thousands and thousands of New Yorkers who are facing foreclosures to make sure that New Yorkers can hold onto their homes whenever possible.”

At an Albany news conference, an 80-year-old Rochester widow explained how she may be unable to keep the home she has lived in since 1964 because she entered into an adjustable-rate mortgage that has ballooned.

Louise Owens said about 50 percent of her \$1,800 monthly income now goes solely to mortgage payments.

"I am very afraid I am going to lose my home of 44 years," she said.

The group said it was still determining how the \$100 million fund would be administered.

Spitzer aides said the state has taken many steps to address the issue, such as establishing the "Keep the Dream" refinancing program to offer homeowners with risky mortgages the opportunity to refinance and avoid possible foreclosure.

The state has also dedicated nearly \$400,000 in grants to non-profits to fund financial counseling to homeowners.

Spitzer's office said in a statement that they welcome the group's input, but that "this will be a tough budget year, and we'll have to make some difficult choices about what is included in the governor's budget to combat this important problem."

E.J. McMahon of the Empire Center for New York State Policy, a conservative think tank, said it may be helpful for the state to provide targeted relief to certain communities overwhelmed by the subprime mortgage problem.

But McMahon said the state can't be in a position to bail out anyone facing a foreclosure.

"Anything that creates a bailout for somebody can become an ongoing source of moral hazard," he said. "That means you're willing to take risks you shouldn't take because you think the state will be there to back you up."

[JSPECTOR@Gannett.com](mailto:JSPECTOR@Gannett.com)

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