



Money Matters



Most New Yorkers Ineligible For Mortgage Relief Program

By Lindley Pless

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Just when it seemed like there was nothing that was going to stop the sub-prime mortgage mess from tearing apart the economy, the president stepped in.

Last Thursday President George W. Bush announced he had hammered out an agreement with the mortgage industry to freeze interest rates for certain sub-prime mortgages for five years in an effort to beat down the soaring rates of foreclosures.

The plan is aimed at homeowners making payments on time at lower introductory rates, but who won't be able to afford the higher adjusted rates.

Economist Delos Smith says the impact of the mortgage freeze was meant to be felt by everyone, not just those facing foreclosure.

“What they are trying to do is finesse it so that it stays contained in this one sector of the economic system and does not hurt the other sectors,” says Delos Smith of Delos Smith and Associates.

According to the Neighborhood Economic Development Advocacy Project, in 2005 there were 7,000 foreclosures reported in the five boroughs. In 2007 that number doubled to more than 14,000.

A map of New York City, created by NEDAP, reveals that many people in the five boroughs have been affected by the sub-prime mess. But most people facing foreclosure now won't qualify for the program.

“Very few people will qualify,” says Josh Zinner of NEDAP. “Just to give you some examples: people who are delinquent on their loans are not going to qualify for relief from this plan. In addition, this plan is only for people with adjustable rate mortgages.”

Under the plan, sub-prime borrowers who took out loans from January 1, 2005, through the end of July would be offered a five-year "rate freeze" if they are facing a reset over the coming two and a half years (between January 1, 2008 and July 31, 2010). In order to qualify, you also have to have an income and live in your home. You must be making your mortgage payments on time and you must be in a situation where you would default if your rates go up.

Earlier this year we visited Trudy Scaffidi of Staten Island, who had been duped by a predatory lender.

She called the Hope Now Alliance, a coalition of nonprofits, lenders, and investors, to get advice on the new program, but was less than pleased with their response.

She's still holding out hope that someone may step in to help her hold onto her home, but she doubts the rate freeze will really help.

“Right now, I feel this is just a band-aid affect for these poor people, because later on down the line after these five years elapse and if these people credits aren't up to par, they're going to go right back into the foreclosure mess again,” says Scaffidi.

To see if you are qualified for the program, call Hope Now's hotline at 888-995-HOPE.

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