

## **Borrowing nightmares**

### **Victims of predatory lenders tell their home horror stories**

By Joyce Shelby, Daily News Staff Writer

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Carol David was sure her dream of home ownership was about to come true when she answered an ad offer to move into a house 30 days after making a \$10,000 down payment.

"But it was the beginning of a nightmare," David told a panel of state Senate and Assembly Democrats who gathered on Monday to address the growing problem of foreclosures.

David said her attorney did not attend the closing on the three-family, \$699,000 house in Bedford-Stuyvesant.

"The paperwork wasn't explained. It was just 'sign here, sign there,'" she said. "When I went home and went through it, I realized I had been tricked."

David was expecting her mortgage would be \$1,776 a month. In reviewing the paperwork, she discovered two interest rates, and when her first house note came due, she discovered she was to pay \$6,069 a month. David, a city employee, has taken the matter to court.

State Sen. Jeffrey Klein (D-Bronx) estimates that more than 50,000 New Yorkers stand to lose their homes to foreclosures from loans they took out in 2005 and 2006, due in part to increases in subprime loans and predatory lending practices.

Several state lawmakers have proposed bills to better protect homeowners from unscrupulous lenders. And a group of Democrats is now traveling the state to hear from homeowners and advocates. Bedford-Stuyvesant was the lawmakers' first stop.

Since 2002, that community has had the highest rate of foreclosure notices in New York, according to state Sen. Velmanette Montgomery (D-Brooklyn).

Sara Ludwig, executive director of the Neighborhood Economic Development Advocacy Project, said there also has been a concentration of foreclosures in Flatbush, East New York, Canarsie, Bushwick and Ocean Hill in Brooklyn.

In Queens, the concentration is in Rochdale, Jamaica and St. Albans, Ludwig said.

Laws protecting consumers against predatory lenders, who deliberately mislead consumers about the terms of loans, have been on the books for several years.

Now the effort in Albany is to better protect consumers against subprime loans. They frequently are offered to people who do not qualify for loans with more favorable rates.

The borrowers may have low credit scores, histories of late payments or bankruptcies, and are considered at higher risk of default.

While advocates stress that there are good subprime lenders, they also tell of increasing numbers of people like Gladstone Boxill, a retired college official.

Boxill refinanced his home and wound up with two mortgages. The monthly payments soared from \$2,800 to \$4,000.

"I've been working on a payment plan since March," Boxill told the legislators. "But on July 2, I wound up with a foreclosure notice. What am I to do?"

Advocates called for legislation and information.

"Consumers need to be educated and counseled in making informed decisions," said Sharon Forbes of Neighborhood Housing Services of Bedford Stuyvesant. "But no amount of lawmaking will help without proper enforcement to back it up."

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