

# Groups push to save people's homes

BY BOB CONNER  
*Gazette Reporter*

A coalition of 136 civic and community groups is urging state action to save people's homes and neighborhoods.

Sarah Ludwig, director of the Neighborhood Economic Development Advocacy Project in Manhattan and one of the leaders of New Yorkers for Responsible Lending Coalition, said at a news conference that the group is sending a message that there is "a major, unprecedented foreclosure crisis in our state."

The 50,000 foreclosures last year represented a 40 percent increase over the year before, Ludwig said, and there have been almost 50,000 this year.

She and other coalition leaders said vulnerable borrowers are persuaded by mortgage brokers to take out loans they do not understand, with rising interest rates and other costs that make them impossible to pay off. And the state's recently announced "Keep the Dream" refinancing program is addressing only a small fraction of the need, the leaders said.

"The Keep the Dream program does not apply to most of the clients we see and needs to be expanded," said Kathleen Lynch, an attorney with the Western New York Law Center.

Sometimes fraud is involved, the leaders said. Brokers typically sell off the dubious loans to banks or other financial institutions, which are not responsible for flaws in the

original terms.

The coalition is seeking a \$100 million loan remediation fund in next year's state budget to help people get legitimate, fixed-rate mortgages they have a good prospect of paying off. They also want \$5 million for counseling, legal and other services, along with better data collection.

Furthermore, the coalition is supporting legislation sponsored by Assemblyman Darryl Towns, D-Brooklyn, chairman of the Banking Committee, that would include "assignee liability," making purchasers of mortgages legally responsible for the original terms.

Better Neighborhoods Inc. of Schenectady is part of the coalition, and has seen a jump in local foreclosure cases. Ellie Pepper, assistant director of BNI, said one client had thought a mortgage was going to be one loan at a fixed rate, discovered otherwise at the closing and went ahead with what has turned out to be two ruinous loans.

Michael Smith, president of the New York Bankers Association, said there is a problem with unregulated brokers, which is being addressed on the national level by legislation currently before Congress. Smith said New York's foreclosure problems are not as great as in other states. While his group supports more financial education, Smith said it opposes assignee liability, which could dry up credit in the subprime market and prevent people from

being able to buy houses.

Sen. Hugh Farley, R-Niskayuna, chairman of the Banking Committee in his house, agreed with Smith that the problem is not as bad in New York as in other states, but he said the Senate will soon hold hearings on the issue. Farley said he is prepared to work with towns to come up with a consensus bill next year.

Farley and Smith also noted the state's passage of a bill proscribing "predatory lending" in 2002. Smith said better enforcement of existing law would help resolve problems.

But the coalition advocates, while praising the 2002 law, said the mortgage market has changed since then and the new problems need to be addressed.

Kirsten Keefe, an attorney with the Empire Justice Center in Albany, said the recent troubles in the subprime market may be reducing the number of new bad mortgages, but the state still needs to address the problems borrowers are dealing with and help them save their houses.

*Reach Gazette reporter  
Bob Conner at 462-2499 or  
bconner@dailygazette.net.*

**The coalition is supporting legislation ... that would include 'assignee liability,' making purchasers of mortgages legally responsible for the original terms.**