

The New York Times

ON LANGUAGE

No Docs

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Subprime was voted the word of the year by the American Dialect Society in recognition of the mortgage scandal and crisis that has for months enveloped housing and real estate around the country. But that umbrella term, describing cheap — often suspiciously cheap — mortgages, encompasses a whole glossary of often-colorful expressions that could be described as *sub subprime*. They reflect the deceit, cynicism and scandalous exploitation that are taking the homes of many thousands, perhaps millions, of families.

Some other words, words that betoken possible rescue and relief, are also finally entering the vocabulary. Meanwhile, people everywhere — a widow in the Bronx who needs money for a new roof or a young couple in San Diego looking for their first home — confront an array of bewildering, often deceptive practices described by sub subprime words like the following.

Exploding ARM sounds violent and is for many families. It describes an adjustable-rate mortgage for which the interest rate goes up so fast that borrowers, who could afford the monthly payments for the original mortgage, are driven out of their homes. For example, a typical \$100,000 loan at 4.5 percent would call for a monthly payment of \$500. The same loan at 7.5 percent would cost \$700.

Foreclosure rescue sounds benevolent but it's not, says Sarah Ludwig, director of the Neighborhood Economic Development Advocacy Project in New York. On the contrary. "Typically, it's a scam to steal a home," in which the owner is gulled into signing over title to the house in exchange for promises to pay off the arrears.

Jingle mail is the answer. What's the question? Listen to Gretchen Morgenson of The Times, who has written scathingly about the subprime scandal since it first surfaced: What do banks call it when troubled borrowers abandon their homes, sending them the keys?

Liars' loans describes one form of come-on to potential home buyers. Joe Nocera, the Times business columnist, describes these as loans offered by banks that have "practically begged borrowers to fib about their income."

Ninja loans, short for No Income, No Job or Assets, is the sardonic way people in the business describe poorly documented loans that were blithely made to high-risk borrowers.

No-docs loans and *low-docs* loans are variations on the same theme, mortgage loans made by lenders hungry to get in on the action during the real estate boom years. Another variation: *stated-income loans*, for which avaricious lenders simply took borrowers' claims at face value and did not even pretend to ask for documentation of their ability to pay.

Alt-A loans. "A-paper" refers to high-quality loans made to borrowers with excellent credit scores who document their income and assets. Lenders are now growing concerned about a step down, *alternate-A loans*, made to borrowers with good credit scores but who can't or, for whatever reason, won't fully document their finances.

One-stop shop. Sarah Gerecke, the head of Neighborhood Housing Services in New York, calls attention to this form of sometimes-fraudulent operation, one that preys on unwary borrowers by offering, all at once, house, mortgage lawyer, inspector and appraiser.

Property flipping is what some real estate speculators do in neighborhoods where many houses have been foreclosed and blank windows and tall grass push down values generally. They buy them up at bargain prices and then quickly resell them, with fraudulent overappraisals, to unsuspecting first-home buyers.

Toxic waste. A large dimension of the subprime crisis is the bundling of many mortgages into securities that are sliced into anonymized packages and sold to investors. Michael Hickey, executive director of the new Center for New York City Neighborhoods, hears this term used to describe the lowest-rated portion of such a security, usually sold to the investor with the greatest tolerance for risk.

Upside down is the status of an estimated nine million homeowners who bought during the boom years but now owe more than their houses are worth. Consequently, they are stuck, unable to refinance or to sell even for what they owe.

The new nomenclature is not all negative. Public-private organizations like the Center for New York City Neighborhoods have sprung up to help innocent or unwitting families deal with the housing crisis that has crashed down on them.

Counseling. In some communities, consumer-assistance agencies, including legal-services offices, provide trained advisers to help families avoid foreclosure in the first place, stave it off when threatened and encourage lenders to work with families to save their homes.

Implode-O-Meter is a Web site that tracks "the housing finance breakdown: a saga of corruption, hypocrisy and government complicity."

SAR is a Suspicious Activity Reports, sent by banks to the [F.B.I.](#) when they suspect fraudulent transactions.

Subprime Neediest Program is the \$1 million fund established by The Times [Neediest Cases](#) Fund and the seven Neediest Cases agencies to help families who have lost all other hope — those forced by foreclosures into homelessness. The program, managed by the [Children's Aid Society](#), hopes to assist 200 New York families this year and to provide a model for other communities. Sometimes the families are not only unwitting but blameless, having dutifully paid their rent but are being evicted nonetheless because their landlords have been foreclosed.

Jack Rosenthal, president of The New York Times Company Foundations, has pinch-hit for the vacationing William Safire since 1982.

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