

## Debt Collectors Raiding Coffers Of Homeowners With Second Mortgages

Vince Veneziani

Dec. 7, 2009

Americans who decided to take out a second mortgage on their home who are now underwater are in big trouble. In fact, they may find their bank accounts empty and their paychecks dwindling in the near future:

Housing Doom: Josh Zinner of the Neighborhood Economic Development Advocacy Project in Manhattan said some lenders or trusts for banks that went out of business are selling off second



mortgages today to debt collectors for pennies on the dollars. Those debt collectors are then going after the homeowners' bank accounts or pay checks to recoup whatever money they can.

And if a bank or debt collection agency goes after you, for god's sake, respond to the complaint in a timely manner:

Perhaps in part because they are not notified, people sued in New York City often fail to appear in court to protect their interests, according to a study released last year by MFY Legal Services, a nonprofit law firm in New York.

MFY found that just seven law firms filed nearly one-third of all the cases seeking to collect \$25,000 or less in New York City's civil courts. Fewer than 10 percent of the defendants in those cases appeared to defend themselves.

"Then there are these high number of default judgments rates," said Carolyn E. Coffey, a staff lawyer at MFY and an author of the study. She said she was mystified that problems with getting notice could go unaddressed.