

Millions more urged in aid as foreclosures rise

Coalition asks Spitzer to set up second \$100M fund for homeowners, calls for database to track filings

By Chris Churchill, Business writer

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ALBANY -- A coalition of groups concerned about a statewide rise in home foreclosures on Thursday urged Gov. Eliot Spitzer to create a second \$100 million fund to address the issue.

New Yorkers for Responsible Lending, a coalition that includes AARP and more than 100 nonprofits and community groups, said the governor needs to take another step toward tackling what it called a spiraling crisis that threatens to destabilize neighborhoods statewide.

In August, Spitzer announced the creation of a \$100 million fund designed to stabilize mortgages that are at risk of foreclosure. But New Yorkers for Responsible Lending said a second fund of equal value is needed to help homeowners who are already in foreclosure and aren't served by the other fund.

The group, at a press event in downtown Albany, also called for \$5 million to fund foreclosure-prevention counseling and a centralized state database that would track foreclosure filings.

"It's very important that it be centralized so we can understand foreclosure patterns and go after the entities that are wreaking havoc in our state," said Susan Ludwig, executive director of the Neighborhood Economic Development Advocacy Project, a Manhattan-based group.

The event Thursday focused on helping homeowners rather than addressing the causes of the problem. But New Yorkers for Responsible Lending suggested widespread fraud and abuse by mortgage brokers, bankers and Wall Street investors led homeowners to enter into mortgages they could not afford.

The coalition, however, could be accused of exaggerating the size of the problem.

The group on Thursday said RealtyTrac, the private California company that tracks foreclosures nationally and seems to be the only entity tracking them in New York state, reported that "49,000 foreclosures were filed" statewide during the first six months of 2007.

Yet in reports sent to the Times Union, RealtyTrac identified far fewer foreclosures.

The company reported 26,146 foreclosure filings during the first half -- with "filings" defined as default notices, auction sale notices and bank repossessions. Several such filings could be submitted for each actual foreclosure.

Still, RealtyTrac does report an increasing number of foreclosure filings. The group said there were 11,643 foreclosure filings in New York during the third quarter of 2006, and 14,272 during the same three-month period this year.

New Yorkers for Responsible Lending said it is calling on Spitzer now because the governor is compiling his budget proposal for 2008, and it wants the \$100 million in foreclosure help included.

The group conceded it had not worked out details on how the money would be funded and distributed, though there were suggestions Thursday that banks and mortgage brokers -- the groups seen as responsible for the problem -- be tapped to seed the fund.

"We don't think that would be fair," said Michael Smith, president of the New York Bankers Association, a trade group.

Smith said many mortgages held by New Yorkers originate outside the state or nation. And he said New York banks have been helping state officials as they work to address the foreclosure problems.

"We fully recognize that efforts are needed to deal with the foreclosure issues, and we support those efforts," he said.

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