Juanita Kinloch, 52, bought a modest three-bedroom home in Jamaica, Queens, more than a decade ago. Paying her $2,000 mortgage had always been tough, but when she developed a bone and muscle disease in 2010 that left her unable to work, it became untenable.

Kinloch said she told the bank her situation and applied for a loan modification to help defray some of the costs. For several months she diligently faxed in bank statements, tax forms and pay stubs once she returned to her job as a security guard at a local college.

But her bank denied the modification. She said they never offered explanation. And it was in 2011 after she was diagnosed with breast cancer and was at home recovering that a foreclosure notice was taped to her door.

“And that’s the way I found myself in the position I am in today,” she said.

Kinloch lives in the center of the foreclosure crisis in New York City. In 2009, the neighborhoods of Jamaica, Hollis, St. Albans and Springfield Gardens had more than 2,000 foreclosures — the most of an area citywide, according to the Furman Center for Real Estate and Urban Policy. Sixty-seven percent of this area is black, and many are Caribbean immigrants.

One- to three-story homes with tidy front yards line block after block of southeast Queens. Neighbors socialize with each other outside and all appears normal. But turn a corner, and a boarded up home or a black padlock on the front door is a reminder of the housing bust that continues to have an impact.

The Obama Administration’s Home Affordable Modification Program or HAMP was intended to keep people in their homes and protect neighborhoods from blight by providing loan modifications to people struggling with hardship and unable to pay their mortgage.

Nearly three years have passed since the foreclosure crisis hit rock bottom in New York City. But the program has had mixed results in Southeast Queens.

Reducing interest rates or extending the term of the loan are two ways lenders modify loans.
They may also reduce principal entirely, which is rare, or defer it to the end of loan, which is more common.

(Photon Juanita Kinloch at her home in Jamaica Queens. Cindy Rodriguez/WNYC)

Close to 26,000 loan modifications were granted in New York state last year. During that same period, more than 345,000 mortgages were in default or delinquent, according to Josh Zinner from the Neighborhood Economic Development Advocacy Project.

“Lenders have to face the reality that we have to fight foreclosure any way we can,” he said.

Last month, the Romney campaign offered a broad housing plan that did not include loan modifications. Instead, the plan offered what Romney says is an easier way for homeowners to achieve what is known as a short sale or a deed-in-lieu of foreclosure. Both involve the homeowner relinquishing the property to the lender.

The housing plan also called for replacing the Dodd-Frank Act to make credit easier to come by and reforming Fannie Mae and Freddie Mac.

“Particularly in a state like New York, you want to avoid foreclosure because of the length of the process, how long it takes to achieve the modification,” said Steve O’Connor, vice president of Public Policy.

O’Connor said if people aren’t getting modifications, it’s likely because they don’t qualify or because they submitted incomplete applications.

But Juanita Kinloch believes she is qualified. She earns $40,000 a year, has rental income from her daughter and is trying one more time to submit a loan modification application, this time assisted by Queens Legal Services, an organization that provides free legal help.

Kinloch said she’s never considered walking away from her home. “This house has a lot of good memories,” she said.

TAGS: economy, housing crisis

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CINDY RODRIGUEZ

Cindy Rodriguez has been a staff reporter at WNYC, New York Public Radio since July of 2002. As the station’s urban policy reporter she covers the impacts of poverty on communities in all five boroughs. ...
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Wally Balloo from back in my home
I recently received a modification - and if you are in the program, be prepared for a nightmare. Lost paperwork, endless requests for more bank statements and pay stubs, the changing of your "personal advisor" every month - what a headache! But I hung in, and really thanks to my getting a job, I finally got my modification - nearly 18 months after I started. If they put half the effort into the modifications that they did with the original mortgage, I would have been done in a month!

Oct. 01 2012 06:03 PM
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Tanya Dwyer, Esq. from Financial District
The NY Courts are overrun with homeowners with little to no hope of modification. Most foreclosure attorneys can tell from day one whether homeowners qualify, yet it takes over a year of interest accruing, late fees and bank attorneys’ fees for banks to give many qualified people a modification.

If New York homeowners would respond to their foreclosure lawsuits within the first 20 days of receiving the legal papers they would have something with which to negotiate. Homeowners who ignore the lawsuit in the first weeks loose a long list of rights and defenses, which could encourage settlement with their banks.

Oct. 01 2012 09:52 AM
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