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No defense against foreclosure [Elizabeth MacBride](#)

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About six months after Shelia Cruz moved into her new \$390,000 Staten Island row house, her happy haze lifted. She realized that her mortgage would be unaffordable once her rates adjusted.

"If it's even \$25 a month more, I can't handle it," she told her mortgage company, trying to explain how tight things are on the \$55,000 a year she makes working for New York City Transit.

The mortgage company told her there was nothing it could do. Eventually, through a series of nonprofit hotlines, she reached the lawyers at South Brooklyn Legal Services, who helped her refinance through a program to help victims of predatory lending.

Ms. Cruz was one of the lucky ones: She found legal help.

Across the city, few lawyers who help people in danger of losing their homes are being overwhelmed by this year's explosion of foreclosures. While hotline calls and referrals continue to flood in, they are turning away hundreds--many of whom may have legal defenses against foreclosure.

"It's heartbreaking," says Jessica Attie, co-director of South Brooklyn's foreclosure prevention project, which has stopped accepting litigation clients. "It's like saying, 'You have treatable cancer, but I don't have time to treat you.' "

Experts estimate that about 10 lawyers citywide work full-time on foreclosure prevention. The number of foreclosures filed in the city, meanwhile, totaled 14,000 through October, according to the Neighborhood Economic Development Advocacy Project. Recent reports indicate foreclosures may not peak until sometime in 2008.

There are efforts by the government and nonprofits to find the money to hire more lawyers on the front lines. But those efforts are moving slowly.

Under veto threat

A measure co-sponsored by Democratic Sen. Charles Schumer that would give \$200 million to legal nonprofits nationwide passed the Senate in September and is expected to garner support from House members. However, it is part of a spending bill under veto threat from the president because it calls for spending more than his budget proposed.

Meanwhile, a fundraising effort that could allow nonprofits to hire more lawyers is just getting under way. The \$1.35 million Preserve Assets and Community Equity program, sponsored by the city's Housing Preservation and Development Department and various nonprofits, is about to ask banks and foundations to give money so that it can expand outreach and legal services, says Pam Glaser, who directs PACE for HPD.

Lawyers in the field now say they are stretched to the maximum, working nights and weekends. Ms. Attie has taken four days off in the past 16 months, though she deliberately does not have a BlackBerry so that she can leave the office behind when she goes home.

"At least my children are grown," says Oda Friedheim, a Legal Aid attorney who by all estimations is the sole lawyer working full-time on foreclosure prevention in Queens, though some other legal projects help seniors in housing trouble. "It's just my husband who never sees me."

Private lawyers rarely take foreclosure cases, because clients don't have money to pay. So far, few lawyers have stepped up to take on the cases for free, though the housing and urban development committee of the New York City Bar Association recently voted to look into legislative solutions to the crisis.

Part of the reason for the tepid response to the crisis may be that the unique qualities of the city's housing market are masking the depth of the problem here.

The city's home ownership rate of about 33.3%, compared with the national rate of 68%, makes the raw foreclosure numbers seem low. Manhattanites also may find it easy to ignore a crisis that is affecting mainly

poorer neighborhoods in the other boroughs.

In places such as Bedford-Stuyvesant, one in 20 owner-occupied homes was in foreclosure even before the current crisis started, estimates Solomon Green, a research fellow at New York University's Furman Center for Real Estate and Urban Policy. That rivals rates in cities in California and Florida that have made headlines.

The strength of the real estate market here also gives borrowers an out: selling, which may enable them to pay some or all of their mortgages.

Hard to buy again

Try telling Shelia Cruz that's the answer. When she started to doubt her ability to handle her mortgage, she considered selling. But it had taken her 16 years of scrimping in subsidized housing to save the money for a down payment. She couldn't have done it again.

The program the lawyers found for her allowed her to refinance her loan at a fixed 4.44% rate for 30 years; she saves \$100 a month. Thanks to the change, Ms. Cruz had the money to paint her walls lime green.

"If it wasn't for the help I got, I might have lost my house," she says. "A lot of people get wealthy off these mortgages, but you kill a person's dream."

MORTGAGE BIAS?

Rates of subprime lending by race in 2006.

BRONX White: 18.2% Black: 38.8% Hispanic: 27.7% Asian: 18.9% Total: 27.4%

BROOKLYN White: 9.9% Black: 41.4% Hispanic: 31.6% Asian: 12.0% Total: 23.6%

MANHATTAN White: 0.7% Black: 5.3% Hispanic: 1.4% Asian: 1.2% Total: 0.8%

QUEENS White: 13.7% Black: 42.9% Hispanic: 29.8% Asian: 16.3% Total: 24.4%

STATEN ISLAND White: 12.3% Black: 39.8% Hispanic: 28.4% Asian: 11.6% Total: 17.1%

CITYWIDE TOTAL White: 9.1% Black: 40.7% Hispanic: 28.6% Asian: 13.6% Total: 19.8%

Source: NYU's Furman Center for Real Estate and Urban Policy

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