Election gives Staten Island housing market a jolt

Posted by mdonnell November 09, 2008 06:58AM

STATEN ISLAND, N.Y. -- Hope is quietly spreading across the lifeless Staten Island real estate market following the Obama victory that the new president will take immediate action to help homeowners.

Trudy Scafiddi, who is trying hard to save her Huguenot home, symbolizes the kind of troubled constituent President-elect Barack Obama will face when he takes office in January.

She and her husband finally stopped paying their $2,700-a-month mortgage in June, after nearly two years of trying unsuccessfully to negotiate a new, less expensive loan with a series of lenders and seeking help from a variety of nonprofit advocacy groups.

Al Lambert has lowered the price of his Tottenville home from $1.2 million to $969,000. He wonders if he will regret that move.

Mrs. Scafiddi, who offered to make partial payments but was refused, has heard nothing from Saxon Mortgage Services since she stopped paying entirely.

She hopes the new president will see the wisdom of helping troubled homeowners like herself.

"If they got this housing market up and rolling again, I'm sure we'd see a difference in the stock-market mess. If you really open up your eyes, you will see it's stemming from an abundance of foreclosures and people headed for foreclosure," she said.

But just how Obama will solve the linked housing and Wall Street crises -- just a few of the unprecedented challenges he faces as the nation's first African-American president -- is still unclear. Some of his proposals, including one to allow struggling homeowners to tap retirement funds without penalty, have been made before by local leaders.

Al Lambert of Tottenville first put his house up for sale in March. He took it off the market two months later and put it back on in September, just as Wall Street imploded and the economy took center stage as the overwhelming election issue.
This time around Lambert has lowered the price for his home -- a well-manicured white colonial with views of Raritan Bay -- from $1.2 million to $969,000. But he wonders if he will regret that move.

"The election is going to be over and I'm going to sell the house at that low price and the next buyer is going to score," he said.

"My feeling is you had to get the election over with," added Lambert. "You had two people from both ends saying they are going to fix what's bad. No one was mentioning what's good ... so you have to get the negativity out of the market. Yes, the real-estate market is going to get better once this is over, just as the stock market is starting to get better. The fear is starting to go away."

SALES AND PRICES FALL

Tuesday's national spontaneous outpouring of support for Obama would indicate such renewed hope. Islanders are waiting to see if the president-elect can bring his promised message of change to the housing market here, where home sales have fallen about 13 percent this year and where foreclosures have often hit the borough harder than any other part of the city.

The average price for a detached, single-family home hovers around $494,022 -- down 9 percent from a year ago, according to the Staten Island Board of Realtors (SIBOR).

SIBOR's own president-elect, John Vernazza of Village Realty, also believes things will begin to loosen up in a post-presidential election environment.

"Whether voters agree or disagree with the vote, there is direction now," he said.

Obama has called for allowing families to withdraw up to $10,000 annually from their IRA or 401(k) retirement accounts without penalty. Last December, Rep. Vito Fossella proposed allowing homeowners with adjustable rate mortgages to withdraw up to $25,000 from retirement accounts to make mortgage payments or refinance into more affordable fixed rate mortgages.

And in addition to promising tax breaks for families making less than $250,000 a year, Obama also has proposed a 90-day moratorium on foreclosures for people working with finance firms and banks taking part in the government's $700 billion rescue package.

Attorney Margaret Becker with the Homeowner Defense Project at Staten Island Legal Services in St. George thinks it's not enough. She said many troubled loans are being serviced by banks or mortgage companies that don't actually own the loan but make money collecting monthly payments or foreclosing. The loans are often held in trust by bigger banks that have bought up the original lenders. The trust, meanwhile, represents a variety of investors who bought the mortgage-backed securities on Wall Street.

"The servicers have a financial disincentive to do a loan workout because they make more fees on foreclosures than they do on loan modifications," she added. "What a new administration needs to do is to address the problem of the lenders' unwillingness to offer real loan modifications."

CREDIT IS TIGHT

New mortgage money, meanwhile, has been drying up. A study by New York University's Furman Center found the number of mortgages originated in the city dropped 14 percent from 2006 to 2007. Nationwide, the drop was 25 percent.

On the Island, the number of high-cost mortgages originated here in 2007 dropped 60 percent and that's a good thing, but refinancings also fell by 31 percent and the number of new prime loans, or loans issued to
people with solid credit, fell here by 4 percent last year. There's been even more tightening on prime lending this year.

"The banks are taking a very cautious look at all transactions and they are erring on the side of caution, in some instances to an extreme, whereas before they were lending money to anyone who had a pulse," said real-estate attorney Thomas Anselmo. "Somewhere between those two extremes lies good lending practices and hopefully that will occur again."

Sandy Krueger, executive director of the Staten Island Board of Realtors, has heard similar complaints from his members.

"The whole key to this is making mortgage money available," said Krueger.

But Krueger believes New York is in a much better position than other states hit harder by a drop in housing prices and record foreclosures. A recent nationwide study by First American CoreLogic found that New York State had the least amount of mortgages in negative equity -- or cases where homeowners owe more than the house is worth, also known as being upside down in a loan.

It's little consolation to the Scafiddis, who are upside down in their loan.

An off-duty UPS worker handled the refinancing of the their house in 2006 when he closed the loan at their home. The couple thought they were getting a home-equity line of credit but tried to back out of the deal when they realized they were refinancing the house and their mortgage payments were nearly doubling. A broker from First Residential in Kentucky convinced them over the phone to sign on the dotted line. They've been struggling ever since.

"What happened to the middle class? What is going to happen to our houses out of the $700 billion they have set aside for Wall Street?" asked Mrs. Scafiddi.

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your house going to be worth when your kids want to buy it from you in 20 years? Will they be able to afford it? NO. They couldn't afford to buy it from you at what you think its worth today! Think people THINK.

OK - let's remember all of this. Osama is going to help the dead beats pay their mortgages - Illeagle law breakers will all be allowed to become citizens; there will be full employment, cost of living will come down as will food prices, Let's just remember these four - that's a lot to find excuses for as we all know Osama will only make things worse.

From the looks of it, his house above in good areas of Nj would cost no more then $500K, so who over paid. By the way he does not state how much he paid for it, nor what he put down..$2700.00 month mortgage is high not counting gas and electric. What kind of work does he do to afford that high of a mortgage? Seriously as stated initially people need to stop paying for these over priced Staten Island houses.

Al Lambert is well known on S.I. and is a really good guy. He is an entertainer and has the Al Lambert band, who you can hear almost any week- they are good, And he is the sales manager at Villa Marin on Hylan Blvd in New Dorp. I think the above poster mixed up the two examples the story talks about. Al's salary is not mentioned nor is his mortgage. Al owns the house he is pictured with. Al probably does better than $200,000 which he works hard for, All that being said, he was trying to make a killing on the house and probably would have but waited too long and the real estate balloon burst. no hardship here, just facts.

Yet another example of idiocy among the Obama zombies and this newspaper for printing this. Obama can't save your house. Face reality. This is not just another example of ordinary economic cycles. There are financial instruments out there that are weighing on companies like a swimmer with a 50 pound bowling ball on his back. It is - still - claiming financial and main street companies one by one. All of these companies do business with borrowed money. They can't borrow anymore. Gm might not make it to the end of the year. Banks are laying off with another wave. Even Goldman Sachs is still tanking. The almighty Obama cannot descend out of the clouds and fix this. Harry Reid was on TV this morning saying expectations are way too high and there's only so much the Gov't can do. Remember all those pictures election night of people out in the streets crying and wailing? You're going to see them again, begging Obama for help.
Who23 - It's Obama. Got it? President Elect Obama. Deal with it. We are getting rid of one moron in DC that doesn't know the difference between Nuclear and Nucular. Please don't try to impress us with your learning disabilities if you want people on this blog to take you seriously.

Rober1056132 says...

Well, let's see! Wasn't one Republican candidate for President the politician who defined a "welfare queen"? Yes: The term entered the American lexicon during Ronald Reagan's 1976 presidential campaign when he described a "welfare queen" from Chicago's South Side.

Now, the first ones to step forward in the so called "bailouts" as wanting more, much more, are the Republican CEOs and other Republicans who believed only in the "trickle down" theory of economics? Now we see the "corporate welfare queens" wanting their earmarks and subsidies. Unfortunately, these same "Corporate Republican Welfare Queens" skipped Economics 101. To have a sale you need a buyer! Now with nearly 10% on the electorate unemployed and the jobs that are shipped overseas there are no buyers.

islandchick says...

The bottom line is simple. DON'T LIVE BEYOND YOUR MEANS. Didn't our parents teach us that? When I bought my house in 2001, I double and triple checked everything. I budgeted for "worst case scenario." I feel fortunate that I've paid my mortgage on time every month for nearly 7 years now. But if I could not have afforded the house, I would have kept renting. I'm not a financial whiz, but I know what expenses I have, and what my salary is. It's that simple.

lorantscan says...

If and buts and candy coated nuts - not everyday is Christmas. Let's see if he can really deliver ANYTHING

22321 says...

Election gives Staten Island housing market a jolt - SILive: Featured Entrie...
I'll feel sorry for the homeowners who are over their heads when they sell the over-priced house and move next door into one of the apartments. We can then commiserate together over a cup of coffee.

Posted on 11/09/08 at 7:15PM

rob2trade says...

Blame the Democrats for this mess

Here's a timeline of the efforts of Pres Bush over the last 6 years trying to reign in Fannie Mae - and the Democrats of fought him every step of the way:

In case you weren't aware - this whole economic mess started with Fannie Mae:

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2001

- April: The Administration's FY02 budget declares that the size of Fannie Mae and Freddie Mac is "a potential problem," because "financial trouble of a large GSE could cause strong repercussions in financial markets, affecting Federally insured entities and economic activity." (2002 Budget Analytic Perspectives, pg. 142)

2002

- May: The Office of Management and Budget (OMB) calls for the disclosure and corporate governance principles contained in the President's 10-point plan for corporate responsibility to apply to Fannie Mae and Freddie Mac. (OMB Prompt Letter to OFHEO, 5/29/02)

2003

- February: The Office of Federal Housing Enterprise Oversight (OFHEO) releases a report explaining that unexpected problems at a GSE could immediately spread into financial sectors beyond the housing market.
- September: Then-Treasury Secretary John Snow testifies before the House Financial Services Committee to recommend that Congress enact "legislation to create a new Federal agency to regulate and supervise the financial activities of our housing-related government sponsored enterprises" and set prudent and appropriate minimum capital adequacy requirements.
- September: Then-House Financial Services Committee Ranking Member Barney Frank (D-MA) strongly disagrees with the Administration's assessment, saying "these two entities - Fannie Mae and Freddie Mac - are not facing any kind of financial crisis." The more people exaggerate these problems, the more pressure there is on these companies, the less we will see in terms of affordable housing. (Stephen Labaton, "New Agency Proposed To Oversee Freddie Mac And Fannie Mae," The New York Times, 9/11/03)
- October: Senator Thomas Carper (D-DE) refuses to acknowledge any necessity for GSE reforms, saying "if it ain't broke, don't fix it." (Sen. Carper, Hearing of Senate Committee on Banking, Housing, and Urban Affairs, 10/16/03)
- November: Then-Council of the Economic Advisers (CEA) Chairman Greg Mankiw explains that any "legislation to reform GSE regulation should empower the new regulator with sufficient strength and credibility to reduce systemic risk." To reduce the potential for systemic instability, the regulator would have "broad authority to set both risk-based and minimum capital standards" and "receivership powers necessary to wind down the affairs of a troubled GSE." (N. Gregory Mankiw, Remarks At The Conference Of State Bank Supervisors State Banking Summit And Leadership, 11/6/03)

2004

- February: The President's FY05 Budget again highlights the risk posed by the explosive growth of the GSEs and their low levels of required capital and calls for creation of a new, world-class regulator: "The Administration has determined that the safety and soundness regulators of the housing GSEs lack sufficient..."
power and stature to meet their responsibilities, and therefore should be replaced with a new strengthened regulator." (2005 Budget Analytic Perspectives, pg. 83)

February: Then-CEA Chairman Mankiw cautions Congress to "not take [the financial market's] strength for granted." Again, the call from the Administration was to reduce this risk by "ensuring that the housing GSEs are overseen by an effective regulator." (N. Gregory Mankiw, Op-Ed, "Keeping Fannie And Freddie's House In Order," Financial Times, 2/24/04)

April: Rep. Frank ignores the warnings, accusing the Administration of creating an "artificial issue." At a speech to the Mortgage Bankers Association conference, Rep. Frank said "people tend to pay their mortgages. I don't think we are in any remote danger here. This focus on receivership, I think, is intended to create fears that aren't there." ("Frank: GSE Failure A Phony Issue," American Banker, 4/21/04)

June: Then-Treasury Deputy Secretary Samuel Bodman spotlights the risk posed by the GSEs and calls for reform, saying "We do not have a world-class system of supervision of the housing government sponsored enterprises (GSEs), even though the importance of the housing financial system that the GSEs serve demands the best in supervision to ensure the long-term vitality of that system. Therefore, the Administration has called for a new, first class, regulatory supervisor for the three housing GSEs: Fannie Mae, Freddie Mac, and the Federal Home Loan Banking System." (Samuel Bodman, House Financial Services Subcommittee on Oversight and Investigations Testimony, 6/16/04)

2005

April: Then-Secretary Snow repeats his call for GSE reform, saying "Events that have transpired since I testified before this Committee in 2003 reinforce concerns over the systemic risks posed by the GSEs and further highlight the need for real GSE reform to ensure that our housing finance system remains a strong and vibrant source of funding for expanding homeownership opportunities in America. Half-measures will only exacerbate the risks to our financial system." (Secretary John W. Snow, "Testimony Before The U.S. House Financial Services Committee," 4/13/05)

July: Then-Minority Leader Harry Reid rejects legislation reforming GSEs, "while I favor improving oversight by our federal housing regulators to ensure safety and soundness, we cannot pass legislation that could limit Americans from owning homes and potentially harm our economy in the process." ("Dems Rip New Fannie Mae Regulatory Measure," United Press International, 7/28/05)

2007

August: President Bush emphatically calls on Congress to pass a reform package for Fannie Mae and Freddie Mac, saying "first things first when it comes to those two institutions. Congress needs to get them reformed, get them streamlined, get them focused, and then I will consider other options." (President George W. Bush, Press Conference, the White House, 8/9/07)

August: Senate Committee on Banking, Housing and Urban Affairs Chairman Christopher Dodd ignores the President's warnings and calls on him to "immediately reconsider his ill-advised" position. (Eric Dash, "Fannie Mae's Offer To Help Ease Credit Squeeze Is Rejected, As Critics Complain Of Opportunism," The New York Times, 8/11/07)

December: President Bush again warns Congress of the need to pass legislation reforming GSEs, saying "These institutions provide liquidity in the mortgage market that benefits millions of homeowners, and it is vital they operate safely and operate soundly. So I've called on Congress to pass legislation that strengthens independent regulation of the GSEs and ensures they focus on their important housing mission. The GSE reform bill passed by the House earlier this year is a good start. But the Senate has not acted. And the United States Senate needs to pass this legislation soon." (President George W. Bush, Discusses Housing, the White House, 12/6/07)

2008

February: Assistant Treasury Secretary David Nason reiterates the urgency of reforms, saying "A new regulatory structure for the housing GSEs is essential if these entities are to continue to perform their public mission successfully." (David Nason, Testimony On Reforming GSE Regulation, Senate Committee On Banking, Housing And Urban Affairs, 2/7/08)
March: President Bush calls on Congress to take action and "move forward with reforms on Fannie Mae and Freddie Mac. They need to continue to modernize the FHA, as well as allow State housing agencies to issue tax-free bonds to homeowners to refinance their mortgages." (President George W. Bush, Remarks To The Economic Club Of New York, New York, NY, 3/14/08)

April: President Bush urges Congress to pass the much needed legislation and "modernize Fannie Mae and Freddie Mac. [There are] constructive things Congress can do that will encourage the housing market to correct quickly by helping people stay in their homes." (President George W. Bush, Meeting With Cabinet, the White House, 4/14/08)

May: President Bush issues several pleas to Congress to pass legislation reforming Fannie Mae and Freddie Mac before the situation deteriorates further.

- "Americans are concerned about making their mortgage payments and keeping their homes. Yet Congress has failed to pass legislation I have repeatedly requested to modernize the Federal Housing Administration that will help more families stay in their homes, reform Fannie Mae and Freddie Mac to ensure they focus on their housing mission, and allow state housing agencies to issue tax-free bonds to refinance sub-prime loans." (President George W. Bush, Radio Address, 5/3/08)
- "[T]he government ought to be helping creditworthy people stay in their homes. And one way we can do that and Congress is making progress on this is the reform of Fannie Mae and Freddie Mac. That reform will come with a strong, independent regulator." (President George W. Bush, Meeting With The Secretary Of The Treasury, the White House, 5/19/08)
- "Congress needs to pass legislation to modernize the Federal Housing Administration, reform Fannie Mae and Freddie Mac to ensure they focus on their housing mission, and allow State housing agencies to issue tax-free bonds to refinance subprime loans." (President George W. Bush, Radio Address, 5/31/08)

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YOU DONT HAVE TO READ THE WHOLE THING TO GET THE IDEA.PRES BUSH TRIED TO DO SOMETHING FOR YEARS AND THE DEMS FOUGHT HIM EVERY STEP OF THE WAY. BUT THIS IS ALL BUSH'S FAULT RIGHT?

Posted on 11/09/08 at 10:25PM

bleedinghart says...

If someone bought a 450,000 house and put 20 percent down, the mortgage and pro-rated taxes would equal about 2700 a month for a 30 year fixed of 360,000.

Posted on 11/10/08 at 11:46AM

VEEGEEBEE says...

I saw this yesterday: FRONT PAGE! the lead 'graph blew my interest in the rest of the article... my reaction was: since when does the real estate section do tear-sheet ads on page 1? My sympathies to Ms. O'Shea: hang in there: you'll get a real story assignment some day.

Posted on 11/10/08 at 2:26PM

sidweller says...

Election gives Staten Island housing market a jolt - SILive: Featured Entrie... http://blog.silive.com/latest_news/2008/11/election_gives_island_housing...
The day Mike and Trudy Scafiddi were supposed to get a $40,000 home-equity line of credit, a man in a UPS uniform showed up at their Huguenot, Staten Island, townhouse - to handle their closing. That wasn't the only shock. The documents he brought from First Residential Mortgage Network that July 2006 day were for a $280,000 fixed-rate mortgage at 8.5%, with monthly payments of $2,313 - a loan that would refinance their two-bedroom home off Huguenot Ave.

Yet monthly payments for the credit line they thought they were getting would have been $279 at most, a manageable addition to their $1,700 monthly mortgage payments.

"I threw him out," said Mike Scafiddi, 56, a supervisor at a West Farms, Bronx, MTA garage who makes $70,000 a year before overtime. "I should have left it at that."

Instead, Scafiddi made a series of bad decisions that left him strapped for cash - and wondering how much longer he can keep paying the mortgage for the home he and his wife have owned for 22 years.

Moments after the departure of the UPS deliveryman - who it turned out was also a notary public - the phone rang. Their loan adviser at First Residential in Louisville, Ky., Bo Hoffman, was calling with another man on the line. They urged Scafiddi to take the refi deal. They caught him at a vulnerable moment. He was counting on cash to pay his wife's nearly $30,000 in credit card debt.

Trudy quit working as a medical assistant 15 years ago to raise their two sons, now 18 and 26. At age 61, she thinks she's too old to get another job in her field.

Her husband told Hoffman he'd take the loan. And the man in the UPS shorts and shirt came back with the closing documents.

"I let the pressure of owing money get to me," Scafiddi said.

He got $27,000 from the refi, paying off most of the credit card debt. But the monthly mortgage payments rose more than $600.

Sitting at the kitchen table where he signed for the loan, he said he doesn't expect sympathy for his lapse in judgment.

"People will say, 'Screw you, you were an idiot,' and for a minute, I was," he said.

To stay current on the mortgage, he tries to work 40 hours of overtime a month. Last year, that brought in $30,000.

A few months after the bait-and-switch, Trudy began reading newspaper stories about predatory lending. She wondered if they'd been victims.

They met with Margaret Becker, the director of the Homeowner Defense Project of Staten Island Legal Services, who believed they were.

"It is a shoddy business practice geared to taking equity from low- and moderate-income homeowners," she said.
This is why I don't think we should bail out irresponsible homeowners. This family seems to take no initiative, other than crying poormouth to anyone who'll listen, to try and fix their situation. The wife hasn't worked in 15 years, even though her sons are grown, an 18 and a 26 yr old. They racked up $30 grand in credit card debt. How about the wife gets a job as a cashier somewhere to help out, and maybe get their sons to kick in towards the bills? Personal responsibility is a thing of the past, but I'll be damned if my taxes go up to pay this family's mortgage when I don't even own a house because I was smart enough to read the fine print and employ some common sense.

I think I'll buy a million dollar mansion, cuz the house I'm in now is way too small, though "affordable... and when I can't afford the mortgage, I will simply stop paying the mortgage and sit back and wait for my "bailout"... come on now, most of these people who can't meet the mortgage express surprise... last time i looked, when you go to close on a house, before you leave the room they give you the amount you'll owe each month for your mortgage, and tell you when the first payment is due... you look at the figure -- you know right there whether or not you can afford to pay out that amount every month -- who's kidding who in this whole homeowner fiasco...