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Jamaica Woman Struggles For Home

by Erica Berenstein , Chronicle Contributor



(Erica Berenstein) Martha Espinoza stands on the front porch of a home she is desperately trying to save, though she faces foreclosure for the second time.

Starting when she was 7 years old, Martha Espinoza spent her childhood bouncing through seven foster homes in Queens until she ran away two weeks before her 18th birthday.

For the next 20 years or so, Espinoza, a single mother with two children, ages 13 and 20, lived in apartments she paid for in part by using federal rent-subsidy vouchers. Four years ago, Espinoza, who is now 42, met a real estate agent through a friend who made owning her own home seem, she said, "like a piece of cake."

Espinoza found a modest home in Jamaica she liked and thought she could afford. In January 2005, she moved out of a subsidized apartment in Woodhaven, and into a three-bedroom house on 160th Street, which she purchased for \$320,000. "I'm finally picking my head above the water," she told herself at the time.

Now, after struggling to buy her home, Espinoza is fighting even harder to keep it, even though the red-brick and clapboard house has a water-damaged roof and a flooded basement. She is facing foreclosure for the second time, scraping together payments on an adjustable-rate loan whose monthly payments have risen from just under \$1,500 to \$2,282.

She has dipped into her pension fund and borrowed over \$18,000 from friends. Her dismal credit as a result of the experience could make renting difficult and public housing waiting lists can take years.

Espinoza is one face of the housing problem that has ensnared a growing number of homeowners in working-class and low-income neighborhoods in New York City. The number of foreclosures in Queens, which has the highest such rate in the city, jumped from 3,816 in 2006 to 6,157 in 2007 compared to only 270 in Manhattan, according to the Furman Center for Real Estate and Urban Policy at New York University.

In Espinoza's case, she did not fully understand the terms of her loan, which is serviced by Option One Mortgage Corp. "I only understood what they were explaining to me," she said, referring to the room full of lawyers and mortgage brokers she met through her real estate agent.

"Now that I know what I know," Espinoza said, "I know it was stupid." She said they hurriedly told her where to sign, assuring her that the payments would not go much higher than \$2,000, and that she could always refinance. One-fifth of her mortgage was covered by a fixed-rate loan at an interest rate of 10.25 percent.

She was dealing with a home that was in need of serious repairs, including a leaky roof and a basement prone to flooding. Paying to address the flooding caused her to fall behind in her mortgage payments and resulted in the first foreclosure notice last year. Espinoza was able to prevent foreclosure then by agreeing to pay a total of \$18,000 in fees to Option One.

Her ability to pay the fee was undercut by a jump in her adjustable mortgage rate, causing her total payments to balloon to the current \$2,282. She continued sending the pre-increase amount — all she could afford — and the payments were rejected by Option One.

The company placed her home in foreclosure in January and told Espinoza that she owes more than \$6,000 in fees and back payments.

She recently met with two representatives from Option One at an event at a high school in Cambria Heights as part of "Operation: Protect Your Home," which was organized by the New York State Senate Democratic Conference and the New York State Banking Commission.

"It was the largest effort to reach out to homeowners in a concerted way," said Lionel Ouellette, executive director of Communities, Homeowners and Neighbors Gaining Economic Rights. While the outreach was successful, "the resolutions that were offered to homeowners were not enough."

Espinoza says the two Option One representatives she met were encouraging, but she has tried repeatedly, without success, to contact them.

Upon hearing of this investigation, Christine Sullivan, a spokeswoman for Option One, said that a representative from the company's home preservation office had contacted Espinoza. "We are confident that we will be able to assist Ms. Espinoza with a solution to keep her in her home," Sullivan said.

Espinoza, who works as a case manager for the National Institute for People with Disabilities and a taxi dispatcher on evenings and weekends, says that keeping her home in Jamaica is her only hope. "I don't care about myself being homeless for myself," she said last week while waiting for a taxi back to the home she is tenuously holding on to. "What I care about is for my children."

