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Media Advisory**

ROBO-SIGNING REDUX: HISTORY OF DOCUMENTATION FAILURES CONTINUES TO HAUNT THE MORTGAGE INDUSTRY, MICHAEL HICKEY, EXECUTIVE DIRECTOR OF CENTER FOR NYC NEIGHBORHOODS OFFERS INSIGHTS TO CURRENT CRISIS

What: As the current layer of the foreclosure crisis unfolds with major mortgage lenders Bank of America, GMAC and JP Morgan Chase halting foreclosure proceedings due to their potential faulty processing of foreclosure documentation, Michael Hickey, Executive Director of Center for NYC Neighborhoods (CNYCN) offers his perspective on the latest developments.

Mr. Hickey makes the following points:

- This issue is not new. First, the mortgage industry provided consumers with “stated income,” “low doc,” and “no doc” mortgages. Then, it poorly managed loan modification submissions on an on-going basis. Now, the industry admits to improperly handling foreclosure proceedings.
- Poor documentation, incorrect disclosure, and in some cases, fraud have gone hand-in-hand with the mortgage crisis from inception.
- CNYCN does not support calls for a general moratorium on foreclosures in New York State. The process already averages two years, providing substantial opportunity for investigation and negotiations. Homeowners already in mandatory Settlement Conferences would likely suffer diminished momentum. Moratoria that would occur should include provisions that freeze accrual of arrearages during the stoppage.

CNYCN proposes five key recommendations:

1. **Disclose:** Call for lenders to identify those homeowners affected by improper procedures and report them to the NYSBD (just as they do delinquent borrowers) to facilitate outreach and connection to foreclosure prevention counseling.
2. **Investigate:** Call for federal banking regulators (particularly the Office of the Comptroller of the Currency and the Federal Reserve Bank), Treasury, state attorneys general, and the Justice Department to look into improper filings and seek settlements that could support services to homeowners.
3. **Legislate:** Pass New York State Senate Bill S.8174 (Klein) “Standing to sue in foreclosure actions” which will substantially improve protections for homeowners in foreclosure against “robo signing” and other procedural problems.
4. **Train:** Seek to assist judges and other court personnel with training to insure they have the ability to identify standing issues and act accordingly to insure appropriate procedural obligations are maintained.
5. **Support:** Expand financial support to housing counselor and legal service providers for both outreach and guidance to distressed homeowners. Approximately 15,000 homeowners in NYC will begin a foreclosure proceeding this year, and while a strong network of support exists it is strained to capacity.

Who: Mr. Hickey, a founding executive director of CNYCN and a former banker is an expert on the status of the New York City foreclosure crisis and prevention, mortgage modification resolutions and local real estate industry trends. CNYCN, the largest foreclosure prevention network in the nation, has nearly 30 legal services, housing counseling and consumer education non-profit partners throughout New York City. Since 2008, CNYCN's city-assisted programs have helped nearly 10,000 distressed homeowners and succeeded in securing 1,500 modifications. CNYCN is funded through grants from government agencies, foundations, and financial institutions, and was incorporated in 2007 as a not-for-profit corporation under the laws of New York State.

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