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NYC foreclosures drop 32%

Posted By [JON PRIOR](#) On November 28, 2011 @ 11:45 am | [No Comments](#)

New York City foreclosure filings dropped 32% in the third quarter over last year.

Lenders filed 3,168 foreclosures on single-family and multifamily properties during the quarter, according to a study from **New York University** Furman Center for Real Estate and Urban Policy. The notices, the first stage in the foreclosure process, also dropped 5.4% from the previous three months and were down more than 46% from the peak in 2009.

Roughly 73% of all filings occurred in either Brooklyn or Queens. Over the last two quarters, notices have been more evenly split between homeowners and landlords.

"Given persistent unemployment and delinquency rates nationally, it remains unclear whether the past four quarters of reductions in foreclosure notices is the result of the slow pace of foreclosure proceedings, or a promising sign that more homeowners are now able to meet their mortgage obligations," said Vicki Been, faculty director of the Furman Center.

Court rule changes and a massive backlog pushed the average completion time to beyond [900 days](#) ^[1], the longest in the nation, according to **RealtyTrac**, which monitors filings across the country.

The state's administrative board of judges implemented an affirmation rule in October 2010. Banking attorneys now have to sign an affidavit vouching for the accuracy of the records in a foreclosure, forcing these lawyers to go back and check documentation before filing a case.

While the rule allowed courts to begin working through the backlog, the city hit another snag in November when the default services law firm **Steven J. Baum PC** announced it would [close](#) ^[2]. Baum, which did work for **Fannie Mae** and **Freddie Mac**, came under investigation for illegally signing foreclosure documents en masse in an effort to speed up the process.

When firms in Florida were [shuttered for similar violations](#) ^[3], thousands of cases had to transfer to other firms already overbooked. Courts there spent months sorting through the cases to determine which ones needed to be restarted and which ones could proceed. Florida foreclosure timelines skyrocketed to the second longest in the country, just behind New York.

Meanwhile, the 5,615 property sales in third quarter dropped 3.6% from last year. Home values declined in every borough but Manhattan.

"Sales volume continued to lag in the third quarter of 2011, showing little change since last quarter and remaining well below the sales volumes we've seen in the city in the past decade," said Ingrid Gould Ellen, faculty co-director of the Furman Center.

In New York City, values are down more than 20% from the peak, which crested sporadically across all major boroughs just before the financial crisis struck in 2007.

Write to [Jon Prior](#) ^[4].

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[1] 900 days: <http://www.housingwire.com/2011/05/12/new-york-foreclosure-courts-face-seven-year-backlog-realtytrac>

[2] close: <http://www.housingwire.com/2011/11/22/layoffs-at-baum-foreclosure-firm-to-occur-in-february-new-york-labor-records>

[3] shuttered for similar violations: <http://www.housingwire.com/2011/03/07/law-offices-of-david-j-stern-to-cease-foreclosure-work-in-florida>

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