



New York courts brace for full force of foreclosure crisis

11/7/2011

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NEW YORK, Nov 7 (Reuters) - The flood of [foreclosure cases](#) created by the subprime mortgage fallout and high unemployment rates is expected to clog cash-strapped New York courts for the next several years, a New York judge told members of the state Assembly on Monday.

"Make no mistake: the foreclosure crisis has not yet completely hit New York," [Fern Fisher](#), deputy chief administrative judge for the New York City Courts told the joint hearing of the Assembly's standing committees on Housing, Judiciary and the Banks.

Over the last few years, Fisher said, several factors have combined to increase the amount of time it takes for the typical foreclosure case to wend its way through the state court system. Fisher also heads the New York State Access to Justice Program, which helps provide access to pro bono and self-help legal services for indigent New Yorkers.

For example, the number of homeowners in foreclosure cases who are unrepresented by attorneys has risen from 63 percent in 2010 to roughly 67 percent in 2011, Fisher said.

And cuts to the state court budget have decreased the number of judicial hearing officers available to preside over foreclosure settlement conferences, which were made a mandatory part of foreclosure cases in 2009.

"Clearly, more funds are needed," Fisher told assembly members, while acknowledging that such funding might not be possible in the current fiscal environment.

Max Weselcouch, data manager and research analyst for New York University's Furman Center for Real Estate and Urban Policy, told the committee that at least 10,000 foreclosure cases pending in New York courts are expected to continue until at least 2013.

'THINK OUTSIDE THE BOX'

In 2007, a foreclosure case could be resolved in approximately one year, Weselcouch said. But that time has doubled, she told committee members.

"The need for foreclosure mitigation services will be with us for the new few years," Weselcouch said.

Under incoming [Chief Administrative Judge A. Gail Prudenti](#), who will succeed [Ann Pfau](#) on Dec. 1, New York courts are trying to "think outside the box" to address the pile-up of foreclosure cases, Fisher said. For instance, the courts are looking for ways to streamline form-processing in foreclosure cases and reduce the amount of paper filings needed for pro se defendants and counsel to fight foreclosure actions.

Fisher said that courts also are partnering with law school clinics and unemployed law school graduates to increase the number of counsel available to lower- and middle-class homeowners.

"When an advocate or attorney is involved, it makes a substantial difference," Fisher said, both in the time it takes to resolve cases and the ability of homeowners to find ways to keep their homes.

New York Assemblyman Vito Lopez, a Democrat representing Brooklyn, suggested that more public-private partnerships might fill in the gaps created when Gov. Andrew Cuomo slashed \$1.5 million set aside for foreclosure-prevention services in the 2011 budget.

Lopez pressed Mike Smith, president of the New York Bankers Association, to commit top New York banks to providing \$10 million over the next few years to help provide legal representation.

"I want the banks to step up, but I don't think they will," said Lopez, who pledged to sponsor comprehensive foreclosure-mitigation legislation in the next Assembly session.

67,000 DEFAULTS IN 2011

Brooklyn Democratic Assemblywoman Helene Weinstein is also eyeing the revival of a bill introduced during the last legislative session, A. 629, which would make clear that foreclosing lenders must hold a mortgage note before initiating foreclosure proceedings, and would allow defendants to raise the lender's standing during any point of the foreclosure proceedings.

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According to Jona Casio, staff attorney for the Legal Aid Society, approximately 67,000 home loans in New York City went into default between January and August of 2011.

In New York City alone, one in 10 mortgages were either in foreclosure or seriously delinquent as of March, according to Betty Station, project director at Legal Services New York City.

Over the last few years, foreclosure rates have driven an increase in the number of civil foreclosure cases before New York courts. According to a 2010 report from the New York State Unified Court System, the number of foreclosure cases pending in 2010 rose to 77,815, up from 54,591 the year before.

(Reporting by Jessica Dye)

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