

Comptroller Liu And Other Leaders Press Banks On Foreclosures

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[New York News]While the Obama Administration has recently okayed the distribution of additional billions of dollars to programs focusing more to aid the unemployed in avoiding foreclosures, New York City Comptroller John C. Liu and a collection of leaders have decided to take a different approach. In an attempt to reduce the percentage of New York City foreclosures, Comptroller Liu --with the help of labor union leaders, New York State Comptroller Thomas P. DiNapoli, and 65 elected officials-- has decided to focus his energy on the lenders, or the banks. According to recent statistics from the Furman Center for Real Estate and Urban Policy at New York University, during the first quarter of 2010, foreclosure rates rose 16 percent compared to the first quarter of 2009. Separately, the Special Inspector General for the Troubled Asset Relief Program (“SIGTARP”) has reported that the number of permanent loan modifications issued nationwide as of April 2010 was a mere 168,708. Critics contend financial institutions are not doing all they are capable of to lower the amount of victims of the foreclosure crisis. “Unresponsive staff, misinformation and repeated requests for paperwork – the red tape and bureaucracy New Yorkers often cite as they struggle to save their homes – are symptoms of a system that lacks incentives for banks to take action and find solutions," Comptroller Liu said, at a recent press conference. "It’s time to engage in identifying the best practices and solutions.”The Comptroller said letters were sent to New York City’s five largest banks with the intention to discuss the possible reformation of the loan modification process--the banks are Bank of America, Citibank, HSBC Bank, JP Morgan Chase, and Wells Fargo. Comptroller Liu's letter went out on July 15, 2010; another by State Comptroller DiNapoli on August 5, 2010; and additional letters by officials, including all five borough presidents, the Public Advocate, the City Council Speaker, and 53 clergy leaders on August 10, 2010. The letters declared that more could be done by the banks to help avoid foreclosure. Comptroller Liu and the other officials reminded the banks of the various complaints from the banks' clientele, which they say undermines their customers' confidence in the institutions. What's more, foreclosures not only affects the borrower and the regional economy, but also generates financial troubles for the lenders, meaning the banks should be more motivated to work with customers who are at risk of losing their homes.“I am pleased today that all five institutions have responded, and we have begun to engage in a dialogue. Now banks must step up and work with us to figure out the best way to keep New Yorkers in their homes.”If on board, each bank was advised to designate a skilled representative to work with borrowers whom have requested a loan modification and were denied. The banks were also to provide responses to specific questions aimed to make them conscious of areas of neglect within their institution. The responses to the letters will also assist the banks and New York leaders in establishing possible solutions for each individual bank."Speaking Truth To Empower."