

Home Mortgage Foreclosure Essex County New Jersey

Presentation Text

Community Development Studio

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The 2008 Rutgers University Community Development Studio supported the Essex-Newark Foreclosure Task Force which was created in the Fall 2007 by the city of Newark, Essex County, and the New Jersey Institute for Social Justice. Comprised of more than 50 representatives from municipal, county, state and federal government, community organizations, attorneys, researchers, and advocates, the Task Force seeks to aggressively address the foreclosure crisis. The Studio conducted research on the extent of the foreclosure crisis and explored local, state, and federal policy interventions.

[SLIDE] To understand the extent of the foreclosure crisis and its impacts on the neighborhoods and communities of Newark and Essex County, the studio gathered data from pre-foreclosure filings, Home Mortgage Disclosure Act data, and LoanPerformance data extracted by the Federal Reserve Bank of New York. Between August 2007 and February 2008, foreclosure rates for subprime and Alt-A loans in the City of Newark increased exponentially. [SLIDE] The number of subprime and Alt-A loans in Newark has declined since August 2007; many of the loans may have been lost to foreclosure. [SLIDE] Over the same period of time, the number of real estate owned properties in Newark drastically increased, suggesting a weakening of the housing market. [SLIDE]

Because foreclosure is a process rather than a single event, measuring foreclosure is difficult. Measuring at the pre-foreclosure stage over counts the problem since borrowers can refinance, catch up on payments, or sell their homes. But measuring at the sheriff sale stage likely undercounts the problem. We opted to measure foreclosure at the pre-foreclosure stage using *lis pendens* filings from Essex County for 2005 through March 2008. [SLIDE] The number of pre-foreclosures in Essex County has risen dramatically since 2005. If pre-foreclosures continue at the same pace as the first 3 months of 2008, we anticipate 6,000 foreclosures this year. [SLIDE] Unfortunately, pre-foreclosure data in New Jersey is not digital. To date, the research team has digitized

and cleaned much of 2006, more than half of 2005 and 2007, and about 42% of 2008.

[SLIDE]

This graph illustrates the geography of Essex County pre-foreclosures based on the data entered through April 2008. The number of pre-foreclosure in Newark is increasing and pre-foreclosures in East Orange and Irvington are also very high. Many of the wealthier suburban communities also have many foreclosures. Essex County has also been impacted by the NJ Affordable Homes bankruptcy. More than 100 properties were involved in the securities fraud, many of which now stand vacant. **[SLIDE]**

Subprime loan originations provide another way to understand the extent of the problem. We mapped the percentage of high-cost loan originations for 2004 to 2006 using HMDA data.¹ Since 2004 HMDA has defined high cost loans as those that have an APR that is 3 points or more than the prime rate.² **[SLIDE]** HMDA identifies three types of loans - home purchase, home improvement, and re-finance. The number of refinance loans jumped dramatically in Newark between 2004 and 2005 and high cost loans captured more than 50% of that refinance volume in 2005 and 2006. **[SLIDE]** Even more dramatically, the number of home purchase originations in Newark during this period soared from 898 in 2004 to nearly 3,000 in 2006 with high cost loans capturing 63% in 2005 and 64% in 2006. **[SLIDE]**

High cost lending increased in concentration in Newark and the urban core and spread outwards between 2004 and 2006 capturing a surprisingly large share of loan originations in the western suburbs. In 2004 the percent of high-cost loan originations was less than 37 percent for a majority of the County's census tracts. However by 2006 many of those same census tracts had a high-cost origination share of 55 percent or

¹ We used data from 2004 to 2006 because prior to 2004 HMDA classified subprime loans based on the characteristics of the lender rather than the loan.

² To clarify, the APR is the effective interest rate that a borrower pays after accounting for one time fees and costs. It is the total cost of credit to the consumer; APR is intended to make it easier to compare lenders and loan options.

higher. This is the high-cost share for 2004. [SLIDE] This is the share in 2005. [SLIDE] And this is the share in 2006. [SLIDE] In the last few years, high cost loans captured an unusually large share of home purchase originations. [SLIDE] High cost loans also captured a large share of refinance loans in 2006. [SLIDE]

To better understand the extent and geography of the foreclosure crisis, we mapped LoanPerformance data. The Federal Reserve Bank of New York released zip code data for a snapshot of subprime and Alt-A loans in October of 2007. While the foreclosure problem has gotten worse since October 2007, this snapshot provides some sense of the geography of the problem. This map shows the percentage of subprime loans in foreclosure. There are heavy concentrations in and around Newark and surprisingly high percentages of foreclosures extend throughout much of suburban Essex as shown in green. [SLIDE]

This graph shows foreclosure and delinquency rates for first-lien, owner-occupied subprime loans for Essex County Municipalities in October 2007. The orange bars show the percent of foreclosures; the green and yellow bars show percent of delinquent loans. High foreclosure rates are concentrated in the urban areas but the suburban areas like Essex Fells, Cedar Grove, and Milburn have surprisingly high delinquency rates. This might be explained by slightly stronger housing markets in the suburbs which allow borrowers to sell, by people raiding their retirement accounts or borrowing from family members, or borrowers having slightly better credit which enables them to refinance. [SLIDE]

The foreclosure crisis may get worse because many of the adjustable rate mortgages have not yet reset. These maps show loans resetting between April 2008 and September 2008 and from October 2008 to September 2009. When many of these subprime loans reset, many homeowners may no longer be able to afford their monthly mortgage payments. The high percentage of ARMs expected to reset at the end of 2008 through 2009 in suburban municipalities signals the possibility of an increase in the

number of foreclosures for many communities that as have not been as severely impacted as Newark, Irvington, and Orange. [SLIDE]

INCREASING DATA ACCESS

To increase access to foreclosure and lending data, we constructed a municipal data sheet for each of Essex County's 20 municipalities [SLIDE]. We hope that these municipal profiles will make the often complicated mortgage foreclosure data easy to understand and use. This is an example of one of the municipal profiles. [SLIDE] Looking at Newark, in October 2007, LoanPerformance data showed 2,900 subprime; 17% were in foreclosure, 8.5% were 90+ days delinquent, and 4.6% were 60-89 days delinquent. [SLIDE] Irvington and East Orange show about 1,000 subprime loans each with about 13% in foreclosure, about 8% 90+ days delinquency rates and about 5% 60-89 days delinquent.

Finding high foreclosure rates in the urban areas was expected but the problem is reaching into suburban Essex County as well. [SLIDE]. In suburban communities, while the numbers of foreclosures remain lower than the urban areas, some municipalities have unexpectedly high percentages of loans in foreclosure. Montclair had 239 subprime loans with 11.3% in foreclosure, 8.4% 90+ days delinquent and 3.4% 60-89 days delinquent. [SLIDE] Bloomfield and West Orange show approximately 500 subprime loans each and about 9% of subprime loans in foreclosure [SLIDE].

While the figures in the municipal profiles are alarming, the Federal Reserve Bank of New York estimates that the Loan Performance Data only captures 47% of the subprime and 90% of the Alt-A market. Additionally, we are now approximately six months past October 2007 meaning that the many of the delinquent loans may now be in foreclosure. In Newark, 24% of subprime loans were in foreclosure in March 2008.

Foreclosure rates in Irvington and East Orange and many other municipalities are presumably much higher as well. [SLIDE]

NEIGHBORHOOD STUDY

To better understand what happens in communities after the foreclosure process starts, we decided to study the impacts in two neighborhoods in Newark and selected blocks of Orange. We wanted to know the extent to which foreclosed properties become vacant, the condition of these vacant properties, and the number of households affected by foreclosure. We hoped that the visual property survey would produce qualitative and quantitative data that would help us begin to understand these things. [SLIDE]

Based on the concentration of pre-foreclosures that we have been digitizing and mapping, we identified three study areas: Clinton Hill (a majority African American neighborhood in Newark), the Lower Broadway Corridor (a majority Latino immigrant community in Newark) and select blocks in the city of Orange. To narrow our survey area and learn a little more about the places we planned to study, we held a participatory planning meeting with staff from Episcopal Community Development, La Casa de Don Pedro, and HANDS. We laid out poster-sized maps on the floor with the blocks/lots and the pre-foreclosures identified and narrowed down the study area to select blocks. [SLIDE]

Along with Don from ECD, Dorothy from HANDS and Carrie and Aida from La Casa, we visually surveyed 38 properties in Orange, 51 in the Lower Broadway corridor, and 96 in Clinton Hill. Most of the properties, between 73 and 79 percent, were properties that we identified because they had pre-foreclosure filings between 2005 and 2008. We added the others during the survey because they appeared to be vacant or were for sale but we didn't include those in the analysis we're presenting today. [SLIDE]

For each property we gathered data about the building or parcel condition, number of units in each building, and the type of land use. We estimated how many units were in the buildings by counting mailboxes. When the mailbox method was inconclusive, we augmented it by checking the number of doorbells or electric meters. When we still couldn't figure out how many units were in the properties, we consulted Verizon's hi-speed wireless website which lists the number of units available for telecommunications services in each building. But all these methods together can still produce undercounts of the households affected. [SLIDE] Often, immigrant families double or triple up to make rent affordable. [SLIDE]

The foreclosure crisis looks different from place to place. These charts show the percentage of homes that are vacant for each of the neighborhoods. Vacancy is represented by the beige-ish, orange color, while occupancy is shown as the light-green, seafoam color. In the Lower Broadway corridor, a little more than 40% of the properties were vacant. In Orange, slightly more than half of the properties were vacant. In Clinton Hill 72% of surveyed properties were vacant. [SLIDE]

We were also interested in the number of the units in the building because we wanted to get a sense of the number of households affected by foreclosure. We expected that many houses in foreclosure include renters. In Orange, approximately 42% of the properties included multiple units, represented again by the greenish seafoam color. In Clinton Hill, about two-thirds were multi-unit, while in the Lower Broadway corridor 84% of surveyed properties included more than one unit. The prevalence of multi-unit buildings suggests an even greater impact on communities, hidden in the counts of foreclosures. Foreclosure on a single-family home has the potential to displace one family; for a multi-unit building numerous individuals or families may be displaced. The problem may be exacerbated in the Lower Broadway area due to the aforementioned doubling or tripling of households in each unit. [SLIDE]

In our survey thus far, multiple foreclosures were only shown in Clinton Hill and the Lower Broadway corridor. In Clinton Hill, 12.3% of unique properties had multiple foreclosure filings on them, 5.5% of properties with multiple foreclosures in the same calendar year. In Lower Broadway, the situation was even worse. 3 out of 20 properties had multiple filings, one-third of those within the same calendar year. Having multiple pre-foreclosure filings on a single property in the same year to the same borrowers suggest multiple liens. But other properties have gone through multiple foreclosures with different borrowers. Still others are multiple pre-foreclosures to the same borrowers who appear to rescue the mortgage and keep the house, only the wind up with a pre-foreclosure the following year. [SLIDE]

We were also interested in the condition of the homes with pre-foreclosure filings. Commodity prices for metals are high which increases the incentive to strip homes. We can see here the windows on the second story have been removed. [SLIDE] This picture was taken inside the bathroom of a vacant property in Lower Broadway. You can see where the copper pipes have been removed from the wall. [SLIDE] Vacant buildings often have their siding torn off as well. This gives the buildings an even more rundown appearance. [SLIDE] The impact of these vacancies is hard to appreciate without seeing them on the blocks themselves. These are images from our surveys of the vacant buildings. The vacancies vary in condition, as you can see, but the impact of these empty and [SLIDE] occasionally burned out houses is undeniable when walking along the streets. The longer these buildings stand empty, the worse their condition becomes, and the greater an impact they have on both property values and the community. [SLIDE][SLIDE]

FEDERAL POLICY

The Community Development Studio has been working with the Newark Urban Essex Foreclosure Task force. The Studio Policy team has looked at Federal activities as well as State and local efforts across the country and here in New Jersey. For many, both participants and observers, of the current financial crisis what we are seeing is unprecedented. It is worldwide and next-door. For those asking what is the federal government doing, I hope to provide you a sense of the conversation, because I think it's fair to say that no action thus far taken, no legislation currently proposed will by itself reverse the current decline. To understand Federal reaction, it may be helpful to think about the present crisis as a problem with many fathers. Let me name a few: First, the federal government was a willing partner in a coalition with the Banking industry, investment banks and lobbyists, in reshaping the role of government. Years of "deregulation" as policy and governing principle, rewriting legislation and influencing the application and interpretation of existing laws. (2) Technological advances in finance markets led to the rapid creation of increasingly complex products without regard to real needs or appropriateness; (3) There is the varying levels of investor and borrower understanding and inadequate preparedness; (4) The infighting between state and federal agencies created a vacuum into which the financial services industry stepped in and took ample advantage. (5) There was the myth that risk had been eliminated by passing it on repeatedly, and lastly; (6) there has been abundant greed. So you can see why it will take more solutions and many different disciplines to sort it all out. Most of the federal responses are still unfolding. But let's take a look at where we are. [SLIDE]

There are 13 Federal Agencies (at a minimum) working on these problems. At least five are bank regulatory agencies. Two securities related regulators. Another five are housing and or mortgage related. Despite 50 different state regulatory bodies and

the five federal regulatory agencies, many activities in the residential debt markets operated outside of any regulation.

HopeNow was one of the first steps and led by the Treasury Secretary. This is a voluntary alliance of private and public participants. There is no reliable data to determine whether HopeNow has prevented any meaningful number of foreclosures. But it has served as a key educational forum for many in the Administration and in the industry. In addition to HopeNow, other specific actions include HUD which has provided funding for increased counseling and outreach efforts, OFHEO (Office of Housing Enterprise Oversight and the chief regulator for Fannie Mae and Freddie Mac) has agreed to lift size restrictions and reserve requirements in order to allow them to pump more dollars into the market. The Federal Reserve Bank has also created funding programs, first for its regulated banks, and more recently for unregulated Investment Banks. While these actions have helped stem further deterioration in credit market activity, as with HopeNow programs, scant evidence exists with regard to how individual homeowners and buyers have benefited. Congress is considering two legislative proposals that would significantly increase funding for these programs.

[SLIDE]

Moving on to corrective actions: The Federal Agencies most responsible for corrective actions: FBI, SEC and the chief regulators are all at work. The number of suspicious activity reports sent to the FBI is at record levels and includes fraud by Borrower's, mortgage brokers, appraisal firms and others. The FBI has announced it is investigating at least 12 Investment Banking firms for their role in creating the securities that were backed by these high-risk loans. The SEC is investigating the role of the credit rating agencies, under new powers it received last year. More specifically, 254 mortgage lenders have imploded since 2006. One firm in that list, Fremont a major originator of sub prime debt in Newark was ordered by the FDIC to cease making loans. Bear Stearns was forced to sell to JPMorgan Chase for a fraction of its recent value and the SEC has

placed new rules on Investment Banks regarding disclosure of information on their holdings, their trade books, their valuations and their losses. There are estimates that over 100,000 jobs have been lost and write-downs at the Banks have exceeded \$218 billion. To some, this is serious punishment, to others not enough. [SLIDE]

As for moving forward and new standards: For the regulators and the administration, prior to the crisis, modernized standards had been discussed as a way to further deregulate, to increase US competitiveness, and to resolve increasingly bitter contests between federal and state regulators. The word modernize has gradually been replaced with “reform”. As the cost of regulatory failure has become clear, so has the need to begin the daunting process of reform. The Treasury Secretary introduced a Blueprint for Regulatory Reform in the first quarter of this year. It will probably not be taken up seriously until the next administration and may take years. Any change will require significant legislative work. Neither of the current bills proposed by congress address regulatory reform fully, but both the House and Senate relevant committees are engaged in the conversation. In the meantime, the Federal agencies are finding new uses for old rules, some not applied since the 1930’s. In one example, the Federal Reserve used its power to declare an emergency to provide loans to investment banks (although only after determining it would not protect Bear Stearns).

There are also two bills currently going through Congress. Representative Barney Frank has proposed a bill with significant funding implications for Newark and Essex County: \$300 billion for FHA mortgages, \$10 billion in funding the purchase of foreclosed homes and restore them to productive use. The bill supports more workouts through increasing FHA’s ability to refinance loans even if a Borrower was in default. Importantly, it also includes liability protection for servicers. This protection should remove stubborn obstacles to write down and allow more work outs that keep owners in their homes. The Senate bill also offers significant funding proposals. Tax credits for purchasers of foreclosed homes and tax breaks for homebuilders, \$4 billion in funds to

purchase foreclosed and abandoned homes, \$150 billion in counseling and improved loan disclosure work, and \$10 billion in refinance funds for sub-prime borrowers. The White House has rejected the ideas in the house Bill. However, in an election year where a national conversation is already taking place, it may be hard for politicians to turn a deaf ear on calls for help.

If passed, Newark and Essex County should benefit from these legislative actions. New Jersey's United States Senator, Senator Menendez sits on the Joint Economic Committee and the Senate Banking Committee. Newark and Essex will benefit from making sure its foreclosure issues are well understood by its legislators. So that they are best positioned to protect the interests of residents at risk of foreclosure and neighborhood decline.

ATTORNEYS GENERAL

We have been looking at the actions of Attorneys General across the country and have found several excellent examples of approaches that could serve as models for New Jersey. These actions differ primarily based on the three types of approach, which include intervention in loans nearing foreclosure, punishing predatory lenders, and enacting new standards. [SLIDE] Intervening in loans nearing foreclosure involves an array of mediation techniques. The most aggressive was in Iowa during the 1980s, when the AG pushed for legislation for mandatory mediation prior to foreclosure. This effort included reducing the loan principal. Overall, the Iowa Mediation Service had a 75% success rate, including 21,000 successful renegotiations during the 80s. This model could be valuable for New Jersey, as many of the loans at risk for foreclosure have 100 percent loan to value ratios or may now appraise below the principal. Ohio currently has a similar system. It requires mediation with borrowers before the State will provide the lender with the documentation to conduct foreclosure. In Iowa, due to fact that

many lenders are located out of state; the AG is promoting a phone-based mediation. However, this model is voluntary and focuses on general loan terms. It does not alter the loan principal. The final model is in Michigan where they established forums to bring lenders and borrowers face to face to renegotiate terms on a voluntary basis. These forums serve thousands of borrowers in a single day. [SLIDE]

The second approach involves punishing lenders who engage in predatory lending. The New York and Massachusetts AGs have been among the most aggressive in the nation with their efforts to punish predatory lenders. In Massachusetts, the most impressive case was against Fremont Investment and Loan, a state chartered institution, which held a number of loans with predatory terms, many of which nearing foreclosure. The court ruled that Fremont must give the state Attorney General 30 days notice prior to any foreclosure, if the AG objects Fremont must be given court approval to foreclose. This is of particular relevance to Essex County, where Fremont is one of the biggest players in the foreclosure scene.

States have also tried to enact new standards for the mortgage process. AGs will often testify before legislators to push for new laws. In Massachusetts, the AG enacted regulations that banned foreclosure rescue scams. These are companies and individuals who take advantage of troubled homeowners by gaining control over their deed through false claims and elaborate lies. These scams include “We Buy Broken Houses” signs torn down here in Essex County a few weeks ago. Since some form of these regulations took effect in June 2007, Massachusetts has aggressively prosecuted these scammers.

Overall there have been three basic approaches, mediation, which to be most affective would be mandatory and include an adjustment to loan principal; punishing predatory lenders in a way that allows foreclosure prevention; and adopting new standards that protect vulnerable property owners, such as the ban on foreclosure scams. These would be useful approaches for the New Jersey Attorney General.

STATE AND LOCAL

We have also reviewed state and municipal level policy responses. We focused on several state and municipal foreclosure task forces, and examined several “Hot Tips,” or innovative policy responses implemented by state and municipal governments. The most significant state and local policy responses to this point have focused on: 1) intervening in loans nearing foreclosure, 2) pressuring lenders using regulation, and 3) enacting new standards. [SLIDE] The chief objective of these groups seeking to intervene in loans nearing foreclosure has been securing resources to expand counseling capacity. In Minnesota, the Hennepin County Foreclosure Task Force has accomplished this objective by pursuing funding from several sources, including the county and statewide partner organizations. Both state-level agencies and a city-county task force have employed existing counseling resources at outreach events that bring together struggling borrowers, lenders, loan servicers, and loan counselors for face-to-face meetings.

States have also sought to avert foreclosures through emergency mortgage assistance and mortgage refinance programs. Emergency assistance programs benefit homeowners facing short-term financial crises by providing small loans. Pennsylvania’s emergency assistance program has seen a jump in applications from 9,950 in 2006 to 10,600 in 2007, and generally issues between 2,300 and 2,500 new emergency assistance loans per year. Though these loans are helpful in the short term they cannot help borrowers escape permanently unaffordable loans. In response to the growing number of borrowers who have taken on unaffordable loans or are in loans that will become unaffordable due to rate resets in adjustable rate mortgages, states like Ohio have begun expanding credit eligibility guidelines for mortgage refinance programs to allow borrowers with some credit blemishes to access state refinance funds. Despite such

expansions, it is beyond the reach of state-sponsored refinance programs to assist all borrowers in unaffordable loans.

[SLIDE]

Lenders must also be a part of the solution. California and Maryland are putting pressure on lenders and loan servicers to do their part to assist homeowners in unaffordable mortgages by issuing enhanced reporting regulations that require licensed lenders and loan servicers to report to the state on troubled loans, loan workouts and loss mitigation. These reports will allow state regulatory agencies to determine whether these parties are responding to the foreclosure crisis responsibly. In Maryland, state regulators have threatened to bring state investigations against loan servicers who are not meeting their obligations. These investigations could result in fines or revocation of state operating licenses.

[SLIDE]

State and local governments are also enacting new standards to improve future response to foreclosures. Hennepin County has enacted new data collection and tracking standards. The county is building upon Minneapolis's existing Early Warning System, which uses data on building condition, number of sales, and tax delinquencies to identify properties at risk of foreclosure and provide targeted outreach efforts. This works in concert with the Hennepin County Foreclosure Task Force (HCFTF) recommendation that sheriff's foreclosure sale fees be redirected to fund counseling and legal assistance programs to assist troubled homeowners. The county has also hired a coordinator to oversee its foreclosure response efforts and coordinate with activities with municipal and statewide partner organizations.

Several task forces have recommended reforming state foreclosure processes to provide additional opportunity for troubled borrowers to avoid foreclosure. Maryland's foreclosure task force has recommended that state lawmakers to adopt a statute that prevents lenders or mortgage holders from initiating the foreclosure process until 90

days from the time a borrower enters default. Maryland has also recently published a Notice of Intent to Foreclose that must be submitted to homeowners at least 45 days before the initiation of a foreclosure. Most importantly, the notice requires that borrowers be provided detailed contact information for the lender, loan servicer, and an agent of the party authorized to modify the terms of the borrower's mortgage.

Ohio has responded to the crisis by developing a foreclosure response guide that provides information that enables borrowers facing foreclosure to respond to foreclosure notices on their own. The guide includes instructions for providing a written answer to a foreclosure complaint, and for serving and filing the written answer. This is the kind policy response that could be easily implemented by the Newark-Essex task force to create immediate positive impact on troubled borrowers.

NJ POLICY

The State of New Jersey's primary policy response to the foreclosure crisis has been the creation of the New Jersey Homeownership Preservation Effort, a public-private alliance designed to educate and assist New Jersey homeowners. The program's primary response has been the NJ HOPE website which provides educational material about predatory lending and foreclosure rescue scams, as well as, ways to find counseling services and financial resources. NJ HOPE has created borrower assistance programs with many banks which offer different types of products and services to borrowers, ranging from refinancing to credit counseling. Although informative, the website is only in English. Furthermore, not everyone has access to the internet. Community outreach programs may be a better way to disseminate information.

In addition to NJ HOPE, the state has created the Home Ownership Preservation Refinance Program. The program offers 30- or 40- year fixed low interest loans, up to 100 percent of the appraised value of the home. A 30-year loan has an interest rate of 8

percent. A 40-year loan has an interest rate of 8 1/8 percent. The program also provides closing cost assistance and counseling. The program is available to families earning up to 140 percent of the median income of the area where they live. We could not find out how many people have benefited from the program. Besides, the HMFA website, we do not know how the program is being promoted and we do not know how long it will be available.

The state has also responded to the foreclosure crisis by taking legal and administrative action against lenders. The NJ Attorney General's Office is currently conducting multiple investigations into crimes involving predatory lending, consumer fraud, foreclosure rescue scams, and home equity stripping. Some investigations are highly complex involving numerous actors, such as appraisers, mortgage brokers, real estate brokers, and attorneys, all working together to perpetrate crimes. Punishments for offenders include: monetary damages, injunctions of property, and loss of licenses. The Department of Banking and Insurance has been actively identifying mortgage companies conducting business illegally in New Jersey. Violations include: issuing mortgages without adequate money to fulfill their loan obligations, conducting business in unlicensed offices, using unlicensed solicitors, and charging inappropriate fees. DOBI is punishing such mortgage companies by issuing cease and desist orders and revoking licenses.

Linda Fisher, at the Seton Hall Law School, and Legal Services of New Jersey have been providing foreclosure defense for victims of predatory lending and filing Affirmative Law Claims against predatory lenders for damages which homeowners have had to bear. Legal Services is using the Federal Truth in Lending Act to argue that borrowers were not made fully aware of the terms of their mortgage. As such, the mortgages should be rescinded in their entirety, allowing homeowners to be vindicated of wrongdoing without having to pay any charges. Legal Services also uses the NJ

Consumer Fraud Act to punish deceptive lenders. Punishments include: attorney's fees, ascertainable losses, and in some cases, 300 percent of damages.

The state's legislative response to the foreclosure crisis has been the introduction of the New Jersey Homeownership Preservation Bill to the state legislature by State Senator Ronald Rice and Assemblywoman Bonnie Watson-Colman. The bill was designed by the Institute for Social Justice, New Jersey Citizen Action, and the Housing and Community Development Network of New Jersey. The primary feature of the bill is the creation of a \$30 million fund through the imposition of fees levied on lenders or servicers that initiate foreclosure proceedings. The fund would be used for counseling and educational services for homeowners, emergency foreclosure prevention assistance, and support to nonprofit groups looking to buy foreclosed properties. The bill contains provisions that would give homeowners the right to request a 6-month period of forbearance to work out deals with their lenders, as well as, remain in the property as tenants paying fair market rent until the property is acquired by someone who plans to occupy it. The bill also puts the burden of maintaining abandoned homes on to the lender or servicer.

WEBSITE

[SLIDE] The website is meant to be a place where both members of the Taskforce and the public at large can access information on buying a home, homeownership, and foreclosure. We have compiled data from various sources around the state and the country, and corralled them together on the website. The site is meant to be easy to use. The layout is simple, and everything is hopefully clearly organized. The main intention is to provide information to whomever may want to access it. The site has information on the Taskforce, including a short history of its conception and its stated goals. There is

also a page with information on its member organizations, along with small blurbs about who they are and what they do, and links to their own sites. [SLIDE]

For those interested in New Jersey, we have included information on counseling for homebuyers and homeowners. [SLIDE] The site also has a section with information on policies and actions nationwide. This includes information on other task forces around the country. [SLIDE] The site also has sections including the data from New Jersey and around the country that we have been gathering over the last few months. [SLIDE] There is a recent addition to the main website. The Foreclosure Project blog was recently uploaded to a friendly server, and is as of this presentation available for you to join up. The blog will be a place where members of the Taskforce will be able to post information on events, articles of interest, or anything else that might be of interest to the community and the public at large.