

### BACKLOG OF CASES GIVES A REPRIEVE ON FORECLOSURES

### 62 YEARS FOR NEW YORK

### Millions Across Country Staying in Homes as Banks Slow Pace

By DAVID STREITFELD

Millions of homeowners in distress are getting some unexpected breathing room — lots of it in some places.

In New York State, it would take lenders 62 years at their current pace, the longest time frame in the nation, to repossess the 213,000 houses now in severe default or foreclosure, according to calculations by LPS Applied Analytics, a prominent real estate data firm.

Clearing the pipeline in New Jersey, which like New York handles foreclosures through the courts, would take 49 years. In Florida, Massachusetts and Illinois, it would take a decade.

In the 27 states where the courts play no role in foreclosures, the pace is much more brisk — three years in California, two years in Nevada and Colorado — but the dynamic is the same: the foreclosure system is bogged down by the volume of cases, borrowers are fighting to keep their houses and many lenders seem to be in no hurry to add repossessed houses to their books.

"If you were in foreclosure four years ago, you were biting your nails, asking yourself, 'When is the sheriff going to show up and put me on the street?'" said Herb Blecher, an LPS senior vice president. "Now you're probably not losing any sleep."

When major banks acknowledged last fall that they had been illegally processing foreclosures by filing false court documents, they said that any pause in repossessions and evictions would be brief. All of the major servicers agreed to institute reforms in their foreclosure procedures. In April, the Office of the Comptroller of the Currency and other regulators gave the banks 60 days to draw up a plan to do so.

But nothing is happening quickly. When the comptroller's deadline was reached last week, it was extended another month.

New foreclosure cases and repossessions are down nationally by about a third since last fall, LPS said. In New York, foreclosure filings are down 85 percent since September, according to the New York State Unified Court System.

Mark Stopa, a St. Petersburg,

Continued on Page 4

Fla., specialist in foreclosure defense, has 1,275 clients, up from 350 a year ago. About 75 clients have won modifications, dismissals or sold their properties for less than they owed. All the other cases are pending.

"Banks aren't even trying to win," said Mr. Stopa, who charges his clients an annual fee of \$1,500.

J. Thomas McGrady, the chief judge of Florida's Sixth Circuit, which includes St. Petersburg, agreed. "We're here to do what we're asked to do. But you've got to ask. And the banks aren't asking," he said.

A spokesman for Bank of America said, "Any suggestion that we have a strategy to delay foreclosures is baseless." A Wells Fargo spokeswoman blamed changes in state laws governing foreclosure for any slowdown. A GMAC spokeswoman said it was following "regulatory and investor expectations." JPMorgan Chase declined to comment. Servicers said some of the decline in foreclosures could be traced to an improved economy.

### Clearing existing cases in some states could take decades.

There are many reasons that foreclosure, which has been slowing ever since the housing bubble burst, has been further delayed in many states.

The large number of cases nationally — about two million, plus another two million waiting in the wings — have overwhelmed many lenders and the courts.

Lenders, who service loans they own as well as those owned by investors, tried to circumvent the time-intensive process by using "robo-signers" who mass-produced documents, many of which made inaccurate claims. When the bad practices were discovered last fall, the lenders were forced to revisit hundreds of thousands of cases.

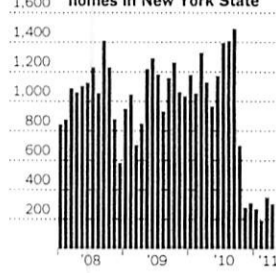
Over the last two years, most defaulting homeowners were people who had lost their jobs. Housing analysts say these homeowners are more likely to hire a lawyer and fight repossession than borrowers who had subprime loans that swelled beyond their ability to pay.

Judges these days are also more inclined to scrutinize requests for eviction rather than automatically approve them. The so-called foreclosure mills — law

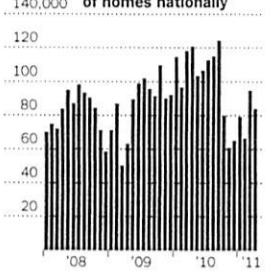
### Foreclosure

After major banks acknowledged last fall that they had been illegally processing foreclosures, repossessions of homes slowed drastically. The foreclosure process has slowed the most in states where the courts play a role like New York and Florida, where it can take years to process existing cases.

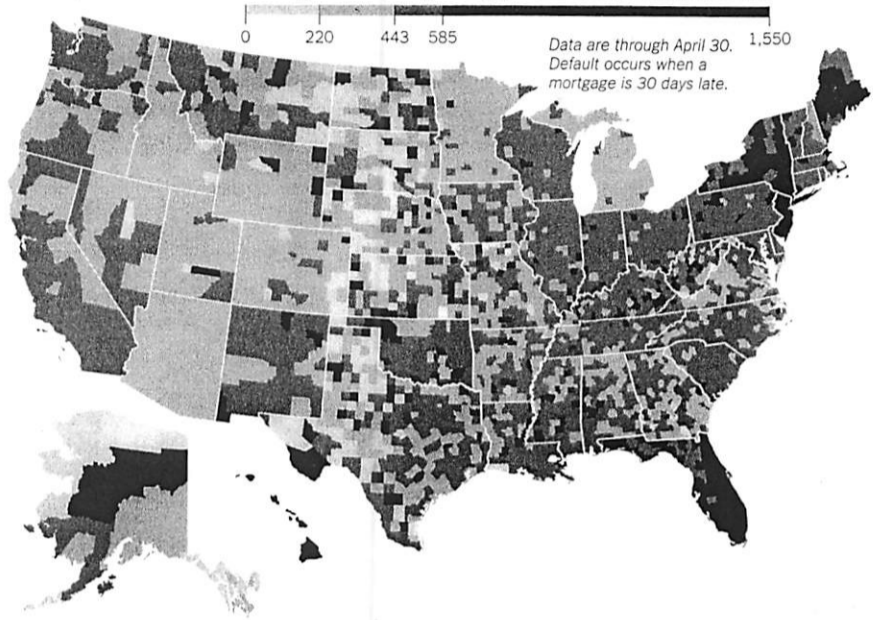
Bank repossessions of homes in New York State



Bank repossessions of homes nationally



Average number of days mortgages have been in default, by county.



Source: LPS Applied Analytics

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firms that handled many of the suits for the banks — are in retreat under law enforcement pressure. And some analysts suggest that banks are reluctant to take too many houses onto their books at any one moment for fear of flooding a shaky market.

In New York, lenders seeking to repossess face additional hurdles. The legislature has mandated that borrower and bank meet to discuss terms under the auspices of the court, but these conferences have turned out to be anything but brief or simple. Instead of one conference, 10 are often needed, court officials say.

And many foreclosure lawyers seem unable to meet a requirement, made last October by the New York Chief Judge Jonathan Lippman, to affirm the accuracy of their documentation.

"The affirmation has had a pretty chilling effect," said Ann Pfau, New York's chief administrative judge. "The attorneys for the banks tell us they can't get

through to the right people at their clients who can verify the information."

Last September, before the documentation crisis, nearly 1,500 New Yorkers lost their houses as a result of foreclosure, according to LPS. The average over the last six months: 286. That is far lower than at any point since the recession began.

Similar foreclosure cases can have different fates. To increase their odds of staying put, the foreclosed who can afford it are hiring lawyers, a move that can drastically slow down a case.

Mr. Stopa, the Florida lawyer, said he divided his clients into three groups. Some are unemployed or disabled and just getting by. Others are able to save money and improve their financial situation as their case drags on. The third group are those who have strategically defaulted. They can afford to pay but are taking advantage of the banks' plodding pace. Often the mem-

bers of this group rent out the foreclosed home and keep the proceeds.

Though delays in foreclosure might seem like a gift to those behind on their mortgage, the foreclosed themselves do not necessarily feel that way.

Margaret Bellevue waited nervously in a Miami courtroom early this month. She and her husband, Roland, an architect, are among 97,000 households facing foreclosure in Dade County, where the average time to foreclosure is 738 days and climbing, according to LPS data.

Ms. Bellevue was on her third lawyer in a case that has stretched on as many years. "A friend of mine got her mortgage lowered through a modification," Ms. Bellevue said. "I'd like to do that too."

When her case came up, the judge told the lawyers they should try to work out a deal. They huddled outside the courtroom and agreed to meet again.