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IN THE REGION | WESTCHESTER

Help for Owners Near the Edge

By ELSA BRENNER

UNTIL recently, the only way for cash-strapped homeowners like Kevin and Jennifer Norris to renegotiate the terms of their mortgage was to default on the payments, because no bank would consider their request unless they were in arrears.

“But I’ve never missed a payment on anything, and we have a near-perfect credit score,” Mr. Norris said. “I don’t want to ruin that.”

Mr. Norris, 33, recently lost his job with [American Express](#), and the couple now rely on Mrs. Norris’s earnings as a market researcher. They have considered selling their one-bedroom one-bath condominium in Rye, which they bought for \$412,000 two years ago at the height of the market, with no money down.

But in today’s market, it’s worth far less than the amount owed on their subprime mortgages. One is a 10-year interest-only loan for 80 percent of the original sale price, the other a 30-year fixed-rate loan on the rest. In real estate parlance, Mr. and Mrs. Norris are underwater.

To cope with the crushing impact of increasing unemployment and falling house values, four nonprofit agencies in Westchester County have begun counseling two groups of homeowners: those who, like the Norrises, are at risk of foreclosure but have not yet fallen behind on payments, and those who are already in the early stages of foreclosure.

Rates of foreclosure are up 104 percent in the county since 2005, and default filings have jumped 244 percent in that time, according to a press release issued in early February by the office of County Executive [Andrew J. Spano](#).

RealtyTrac, an online marketplace for foreclosure properties, reported that as of Feb. 26, 2,250 homes were in the early stages of foreclosure, and 389 had already been taken over by the lenders.

Broken down by community, that translated into 176 mortgages in default in White Plains, 502 in Yonkers, 133 in [New Rochelle](#), 43 in Scarsdale and 15 in Bedford, among others.

Unlike previous plans, the Obama administration's housing proposal addresses the needs of people who can't afford to stay in their houses without renegotiating their loans.

In the coming weeks, the government will begin spending \$50 billion of the sum allocated by Congress to entice banks to reduce the monthly mortgage payments of those approaching foreclosure — as opposed to those already in arrears. To qualify for help, a homeowner's debt-to-income ratio must be more than 31 percent. "Mr. and Mrs. Norris are perfect examples of homeowners that Obama is trying to help," said Charlotte T. Watson, a lawyer hired by Community Housing Innovations, a nonprofit organization in White Plains, to provide homeowners with free counseling and legal assistance.

When the couple bought their condo, one of 16 in a renovated building, the developer offered them the mortgages with no money down and interest rates of 6.9 and 7.2 percent, Mr. Norris said. As the economy continued to sour, the developer sold the three last units in the building for about \$60,000 less than the others, thereby undercutting the value of Mr. and Mrs. Norris's unit.

"Losing my job was the final blow," Mr. Norris said. "With no equity, there are not a lot of options open to us." He says he sometimes thinks about walking away from the condo now and rebuilding his credit later.

Under the new government plan, a homeowner seeking to learn whether he or she qualifies is not supposed to contact the government, but should instead contact the institution that holds the mortgage.

In addition to Community Housing Innovations, the county has authorized three agencies to counsel residents: the Housing Action Council in Tarrytown; [Westchester](#) Residential Opportunities in White Plains; and Human Development Services of Westchester in Mamaroneck.

The programs are being paid for with federal Housing and Urban Development funds issued through the state.

At the Housing Action Council, Frengiz R. Surty, a foreclosure prevention counselor, predicted that the government incentives under the Obama plan would significantly alter the dreary foreclosure landscape.

“The longer things go for a homeowner,” she explained, “the more difficult it is to catch up. Hopefully, now people won’t be getting deeper and deeper into arrears.”

In addition to counseling homeowners, the Mamaroneck agency, Human Development Services of Westchester, is working with the county on a program to buy homes in foreclosure and resell them as affordable housing, said Blanca P. Lopez, the program director for neighborhood preservation.

To that end, the county has applied for \$6.9 million in state money to buy and repair vacant and abandoned homes and sell them to moderate-income families, said Norma V. Drummond, Westchester’s deputy commissioner of planning. All renovations will be bid out to local contractors.

As for Westchester Residential Opportunities in White Plains, it will use county “rescue” funds to help those who have missed one or two payments because of illness or hardship, said Veronica L. Raphael, the agency’s director of foreclosure prevention. Only households with annual incomes of \$100,000 or less are eligible.

In the private sector, a number of loan modification companies have set up shop since the foreclosure crisis began, but Gary S. Brown, Westchester’s director of consumer protection, counseled skepticism.

“They’re popping up everywhere,” he said. “Some of them may be legitimate, but why would someone use them when they can get the same services free of charge, along with lawyers, from nonprofit agencies?”

One such private company was started recently by David A. Nigrelli, a real estate lawyer, and Michael S. Luchen, a real estate agent. They say their new firm, Guardian Modifications and Consulting, in Tarrytown, is seeking a more affluent clientele.

“At the end of the day,” Mr. Nigrelli said, “it’s the difference between having a public defender or a private lawyer on your side. We’re like pit bulls when it comes to helping our clients.”

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