



NEW YORK STATE SENATOR

Jeffrey D. Klein

Preventing the Next Prospect Ave. Tragedy:

JEFFREY D. KLEIN August 1, 2011

| ISSUE: **BANKS, FORECLOSURE**



Sen. Klein Releases Report on Dangerous Foreclosed Properties & Irresponsible Banks That Disregard the Law

BRONX, N.Y. – Senator Jeffrey D. Klein, (D-Bronx/ Westchester), today released a startling new survey that shows many foreclosed properties across New York City in a similar state of disrepair as the bank-owned property that claimed three lives in a fire last Spring.

Several of these properties also appear to be occupied, while having serious building code violations levied against them – ratcheting up the potential for additional deadly consequences.

“Even while holding these ticking time bombs, these banks continue to disregard the law and act irresponsibly,” Senator Klein said. “The fact that this sorry state of affairs exists even after the tragedy on Prospect Avenue is even more outrageous and unacceptable. These lenders need to step up and stop abusing our communities with their neglect.”

The report shows a pattern of banks ignoring a 2009 state law sponsored by Senator Klein that required banks to maintain and secure foreclosed properties in their possession. In the event that they fail to act, the law also gives municipalities the power to clean up the properties on their own and bill the bank for the costs.

On April 25, a 12-year-old boy and his parents died in a fire at 2321 Prospect Ave. The property had been owned by the Bank of New York Mellon due to a foreclosure and had open complaints against it for a faulty boiler, bad wiring, illegally subdivided apartments, and a lack of access to exits.

Senator Klein's Office found close to **2,000 foreclosed properties** in the five borough with some 3,751 open violations. Multiple bank-owned properties are the subject of similar complaints as the Prospect Avenue property. Included in this list is a property situated just **three blocks away** from the fatal fire.

That Citi-owned property, located at **2209 Beaumont Ave., Bronx**, has 13 open complaints that included five illegal apartments on the First AND Second floors. People appeared to be living in the building.

Additionally, spot checks by Senator Klein's Office, also found that some bank-owned properties with the most open building violations also appeared to be occupied.

These properties included:

1055 Martin Luther King Blvd., Bronx, which has the dubious distinction of being the bank-owned residence with the highest number of violations in the Bronx and the second highest in the entire city. These complaints range from illegal conversion of apartments to structural defects, sinking floors, and a defective boiler.

1744 Clay Ave., Bronx., which has 60 Open Violations, with new complaints lodged as recently as two weeks ago.

“The condition of these properties place entire communities in harm's way,” said Senator Diane Savino, (D-Staten Island/ Brooklyn.). “If a landlord is neglectful, they get hauled into court. If the banks can't be counted on to maintain their properties, we need to use the resources at our disposal to make sure people are not placed in harm's way, and that these lenders pay for every single repair”

The full list of the worst bank-owned buildings in New York City are:

County	Open Violations	Address	Zip	Lender/Owner
Brooklyn	100	68 th Street	11220	Indymac
Bronx	84	1055 MLK Blvd	10452	Highbridge Apts
New York	74	1 Central Parkway West	10023	CSB NY Holdings
Bronx	62	900 Hoe Avenue	10459	Hunts Point Assn
Bronx	60	1744 Clay Avenue	10457	OLR ECW

A borough -by-borough breakdown is included in Senator Klein's report: '**Who is Accepting Responsibility?: A Survey of Bank Owned Properties in New York City.**'

Top Five Lenders with Open Violations on Foreclosed Properties are:

Open Violations	Lender
211	Deutsche Bank
163	US Bank
141	Federal National Mtg
119	SG Assets LLC
118	Indymac

Jonathan Levy, Deputy Director for Legal Services NYC - Bronx's Housing Unit, said: “It’s time for financial institutions, whose reckless lending contributed to the foreclosure crisis, to take some responsibility for the aftermath. Tenants – especially lower income tenants who have few options – should not be forced to live in dangerous conditions.”

Jean Sassine, Homeowner and Board Member of NY Communities for Change, said: "This law is primarily about making lenders take responsibility for the mess they continue to make. If the city doesn't hold banks accountable for maintaining their own property, then it's just like giving them another taxpayer-funded bailout."