

OTHER VIEW | ST. LOUIS
POST-DISPATCH

Foreclosure scam demands justice

One of the enduring wrongs of the Great Recession has been that individual homeowners have borne and continue to bear the brunt of the housing collapse.

Nearly 4 million American families have lost their homes to foreclosure since early 2007. An additional 28 percent of the nation's 45 million outstanding residential mortgages are under water, meaning homeowners owe more than the houses are worth.

And despite the improving economy, RealtyTrac, a California firm that collects foreclosure data from around the country, estimates that an additional 2 million homes will be lost to foreclosure this year. That's because a lot of foreclosures that have been on hold now will move forward. A \$25 billion settlement among state attorneys general, the Department of Housing and Urban Development and major banks and mortgage-servicing firms is in its final stages.

At issue: the 2010 disclosures that many banks had been faking the paperwork on foreclosures, a practice that came to be called "robo-signing."

Thanks in part to federal bailouts, banks got healthy in a hurry after the collapse of the market for mortgage-backed securities in 2008. They couldn't wait to shed themselves of the lousy mortgages that they'd cut into pieces and packaged as securities. But the mortgages were in so many pieces that faking the paperwork was easier than tracking it down.

But, beginning in 2010, courts in states that require judges to sign off on foreclosures began demanding to see the paperwork. As the "robo-signing" scandal widened, state attorneys general began filing lawsuits demanding fines and restitution.

Forty states now have signed on to a deal that calls for banks to pay as much as \$25 billion, with the hardest-hit homeowners to be first in line. Some \$17 billion in principal reductions would be spread among about 1 million of the hardest-hit homeowners. An additional 750,000 families who lost their homes would get restitution of about \$2,000 each.

But on Monday, Missouri Attorney General Chris Koster upped the ante by filing criminal, not civil, charges against one defunct robo-signing mill and its president. An Alpharetta, Ga., company called DocX allegedly hired dozens of people to forge company officers' names on foreclosure documents. Mr. Koster has charged DocX and its founder, Lorraine O. Brown, with 136 counts of forgery.

To be sure, many of these homeowners signed up to buy houses they knew they couldn't afford. Others were suckered into it by fast-talking mortgage brokers. But all of them deserved – and didn't get – the due process of law in the foreclosure process.

The settlement, if and when it finally occurs, will provide a measure of justice. It will help settle uncertainty in the housing market. But it will not solve all the problems.

Indeed, on Friday New York Attorney General Eric Schneiderman opened a new line of inquiry, aimed at the controversial Mortgage Electronic Registry System. MERS was created by the big banks in league with Fannie Mae and Freddie Mac, which, as government-backed companies, guaranteed millions of America's mortgages before going bust in early 2008.

MERS now claims to hold title to more than half of the nation's mortgages, but Mr. Schneiderman alleges that MERS is, in fact, merely a paper entity created for the convenience of banks that wanted to avoid doing the paperwork on loans.

None of these lawsuits address the problem of homeowners who have private mortgages that aren't backed by Fannie or Freddie. Even though they may be current on their mortgages, they nonetheless are under water. Those homeowners were collateral damage in the collapse of the federally backed housing market, ineligible for mortgage relief of any sort.

In his State of the Union speech last month, President Barack Obama proposed spending up to \$10 billion to help them refinance their loans. They could spend the savings elsewhere, helping to stimulate the economy, or use the money to rebuild their equity.

It's a worthy idea that, sadly, is not going anywhere. For one thing, it would be paid for by taxing banks making risky financial transactions. Banks hate the idea, as do Republicans. GOP presidential frontrunner Mitt Romney is on record as supporting letting the mortgage crisis "run its course and hit bottom."

Mr. Obama's first foray into mortgage relief, back in 2009, wasn't very effective, and this second foray appears to be largely political. Still, he's right on the issue. Massive fraud has been perpetrated on millions of Americans. A \$25 billion settlement is nice, but Mr. Koster is right: People should be going to prison.

ARTIST'S VIEW



POLITICS | SEN. TOM O'MARA

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According to the latest statewide poll from the Siena Research Institute, 52 percent of New Yorkers believe that our state is on the right track – a noteworthy move up from last January when just 36 percent felt the same way. That's good news, if only for this reason: government needs to function more effectively, and it usually works better when citizens are tuned into it. If this latest Siena poll is an indicator, more and more citizens are paying attention to what's been widely welcomed as one of the most productive years ever in New York government.

To put it mildly, there's a lot going on in New York State government. Just visit www.ny.gov – a clearinghouse of sorts offering access to every branch of government and every state agency – and follow the links on the home page for a quick "scan" of New York. One logo you'll find there, "Universal Broadband: Connecting New York To The World," links to the state Broadband Development and Deployment Council.

In and of itself, this logo continues to drive home an important point and an important goal. The point is that despite the recent finding that a majority of New Yorkers feel we're on the right track, there's plenty of unfinished and important work ahead of us. And one key outstanding goal is this: for every New Yorker who can pay all the attention he or she wants to what's going on in New York government, there's another New Yorker who deserves the same opportunity but doesn't have it because they can't access high-speed Internet.

For example, the state's Legislative Commission

on Rural Resources (LCRR), on which I serve, has estimated that at least 750,000 rural New Yorkers do not have broadband service.

Nearly two years ago, the New York State Broadband Development and Deployment Council (www.nysbroadband.ny.gov) was established by executive order and set forth the following mission: "...while the promise of broadband is great, the reality has yet to meet the promise in New York State. Broadband has not fully arrived for all New Yorkers. Overcoming the digital divide to become a national and global leader for broadband availability, capacity, and adoption will be challenging...To help New York remain competitive on a national and global scale, proactive executive leadership, strong policy mandates, and clear broadband guidelines will ensure broadband networks are widely deployed, affordable and accessible to all New Yorkers."

In his 2010 campaign for governor, Andrew Cuomo pledged his commitment to an initiative that he envisioned would "foster cooperative private/public partnerships to provide access to broadband infrastructure and technology. He noted the need for "a more coordinated effort among government agencies, municipalities and private industry."

That need remains. It's about fostering good citizenship at its most fundamental level. But in the 21st century economy, closing the digital divide and providing New York with a broadband and telecommunications infrastructure that's second to none must remain a primary economic and educational goal.

There are bright spots. Early last year, the Southern Tier Central Regional Planning and Development Board's (STC), in partnership with a \$10-million investment from Corning Incorporated, announced plans for an optical fiber broadband network across Chemung, Schuyler and Steuben counties. As I noted at the time, this new network's patterned after one in Ontario County that's nationally recognized as a model for rural broadband expansion and, as a result, it will likely help put our region more prominently on the map of great places to do business. In early January, after a yearlong effort, the Tompkins County Broadband Committee issued its recommendations for achieving universal broadband service (view the committee's report, "Broadband Internet Access For All Residents of Tompkins County: Keeping Our Community Connected," at: <http://www.tompkinsco.org/legislature/>).

Each of our regional economic development councils, those representing the Southern Tier and the Finger Lakes regions, have highlighted the importance of broadband development.

So while we're facing unprecedented short- and long-term economic and fiscal challenges as a state and nationally, there's an undeniable case being made (one that's echoed across every level of government) that a successful future depends, particularly in rural Upstate New York, on the development of a top-flight broadband infrastructure.

■ **Tom O'Mara is a Republican state senator from Big Flats.**

Cuomo's powerful budget

Is the governor trying to engineer a power grab under the guise of the proposed 2012-13 state budget?

That is the fear of State Comptroller Thomas DiNapoli.

Buried in the budget proposal, he fears, are mechanisms that would reduce public oversight and accountability when it comes to the spending of billions in taxpayer dollars.

As presently constituted, the budget would reduce

THE INSIDER



Bob Rolfe

transparency in how public money is spent and would consolidate more power in the governor's hands, he said.

The budget would "dramatically increase" the governor's power to shift funds from one agency to another without regard for the original intent for spending the money.

Such comments are unusual since both DiNapoli and Gov. Andrew Cuomo are Democrats. In addition, the proposal has drawn fire from both sides of the political aisle. Both Senate Republican leader Dean Skelos and Democratic Assembly Speaker Sheldon Silver have serious reservations.

Silver said his house would help write a bill that would create efficiency in state government – a Cuomo goal, but he said the elected legislature must be part of the process. The governor should not be allowed to go it alone.

...

The best news from the Susan G. Komen Foundation in recent weeks was that Karen Handel had resigned as chief vice president of the organization.

Handel is a Republican who ran for governor in Georgia under a platform that opposed abortion.

She is considered the force behind the Foundation's attempt to cut off funding to Planned Parenthood.

In a statement she claimed to be "deeply disappointed by the gross mischaracterizations of the (funding cutoff) strategy, its rationale and my involvement in it."

The Foundation has lost many backers since the flap began and probably never will retrieve all of them.

This shows that injecting politics in any funding discussion is a very bad move.

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A reader in Hornell sends along an interesting comment regarding the recent dispute between the Komen Foundation and Planned Parenthood.

Komen, he said, is a "private organization" and as such does not receive federal taxpayer funds to maintain its program.

Planned Parenthood, on the other hand, gets money from both sources.

"Maybe it is time to have both groups just

SEE ROLFE | 5A

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