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Riding the wave of holiday supply and demand. Page 6

Move would hinder the halting of foreclosures

Fed's proposal evokes consumer groups' ire

By Tony Pugh
 REGULARITY NEWSPAPERS

WASHINGTON — As Americans continue to lose their homes in record numbers, the Federal Reserve is considering making it much harder for homeowners to stop foreclosures and escape predatory home loans with onerous terms.

The Fed's proposal to amend a 42-year-old provision of the federal Truth in Lending Act has angered labor, civil rights and consumer advocacy groups along with a slew of foreclosure defense attorneys.

They're not only asking the Fed to withdraw the proposal, they also want any future changes to the law to be handled by the new Consumer Financial Protection Bureau, which begins its work next year.

In a letter to the Fed's Board of Governors, dozens of groups that oppose the measure, including the National Consumer Law Center, the NAACP and the Service Employees International Union, say the proposal is bad medicine at the wrong time.

"At the depths of the worst foreclosure crisis since the Great Depression, we are surprised that the Fed has proposed rules that would eviscerate the primary protection homeowners currently have to escape abusive loans and avoid foreclosure: the extended right of rescission."

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From opponents' letter to the Fed's Board of Governors

Because the public comment period on the Fed's proposal is still open until Dec. 23, a spokesman declined comment on the matter.

But in a September passage in the Federal Register, the Fed said the proposal was designed to "ensure a clearer and more equitable process for resolving rescission claims raised in court proceedings" and reflects what most courts already require.

Since 1968, the Truth in Lending Act has given homeowners the right to cancel, or rescind, illegal loans for up to three years after the transaction was completed if the buyer wasn't provided with proper disclosures at the time of closing.

Attorneys at AARP have used the rescission clause for decades to protect older homeowners stuck in predatory loans with costly terms. The provision is also helping struggling homeowners to fight a wave of foreclosure cases in which faulty and sometimes fraudulent disclosures were used.

The violations must be of a material nature to invalidate a loan under the extended rescission clause. To do so, homeowners — usually those facing financial problems or

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Sarah Bandy, real estate agent, Colts Neck

"There are so many additional decisions you have to make now. You can't just say, 'Let's split up the assets and we'll have a decent life.' It can take a lot of sacrifice on one person's part for the sake of the kids."

Lee Buch, matrimonial attorney, North Brunswick

"It's devastating for us as divorce attorneys because there are no real answers for people."

Wah Ziegler, family lawyer in Roseland

Splitting up their losses



ILLUSTRATION BY MICHAEL GUILLEN, THE STAR-LEDGER

By Sarah Portlock
 STAR-LEDGER STAFF

Sarah Bandy always knows something is up when she helps a couple try to sell their home, but bears back from only one spouse.

"They don't tell us in the beginning," said Bandy, a real estate agent who brokers deals for luxury homes in Colts Neck. But lately, when she presents clients with a home valuation report, the answer is almost always, "Oh, we can't do that. It's too low."

"Then they end up confessing, especially the wife," Bandy said.

Divorcing couples face some tough decisions in real estate slump

The couple is divorcing, and they need to get rid of the house. But today's housing market has reversed what once was a hallmark of divorce settlements — who gets to keep the house. Now, the home might be worth less than its mortgage, and there are no guarantees it will sell in the near future, much less for a profit.

Couples then are left with a series of unforeseen puzzles — who takes on the financial responsibility, how to split any possible debt and at what point it makes sense to move on.

"This has become one of the prime issues

that I'm dealing with," said Robert Kornitzer, a matrimonial attorney in Hackensack. "I don't want to say it's slowly developed. It's hit us with a sledgehammer."

One day this fall, two of the three cases Kornitzer mediated involved houses worth less than what was owed. Later, an adversary in court told him their case was the only one of six that morning that didn't involve such debt problems.

Divorce rates have risen only 2 percent since 2006, according to state data. But Bandy said 20 percent of her clients are now either divorced or heading that way, and are struggling to sell their home and quickly find a new affordable one.

Lawyers today also are forced to wear many hats — financial adviser, real estate agent,

SEE DIVORCE, PAGE 2

More state governments say 'cut!' to tax breaks for Hollywood

Subsidies reportedly offer few benefits to local economies

Westfield was a location for the 2009 filming of the Japanese movie 'Darling is a Foreigner.' But in July,



By Tom Moroney
 BLOOMBERG NEWS

Gov. Chris Christie suspended a tax credit for film and TV production in the state last July as part of an austerity push.

That forced producers of NBC's "Law & Order: SVU" to stop shooting at their North Bergen studios and head to New York, which still offers a tax credit.

Abern, policy director for the Washington-based Tax Foundation, which advocates lower taxes.

In the last five years, \$3.5 billion in tax credits, rebates and other financial assistance has gone to makers of films, television shows and commercials, according to a calculation by the foundation. In the next fiscal year, states will face \$72 billion in budget deficits, the National Conference of State Legislatures estimates.