

No quick settlement on foreclosure crisis

O'Brien to Coakley: Demand thorough probe

Southern Essex Register of Deeds John O'Brien this week is imploring state Attorney General Martha Coakley to reject any quick settlement with the nation's major mortgage lenders over foreclosure practices, and Coakley should heed that advice.

A 14-member executive committee of attorneys general led by Iowa AG Tom Miller has been negotiating for several months with big banks — including Bank of America, Wells Fargo and JP Morgan Chase — to reach a settlement that would avoid lawsuits.

At the crux of the problem is paperwork — or lack thereof — to prove who holds the title to properties.

When mortgages were bundled and sold among banks at a rapid-fire pace before the housing bubble burst, oftentimes the paperwork didn't keep pace and there was no public recording of mortgage transfers. As a result, public registries were cheated out of recording fees and there are cases around the country of banks initiating foreclosures on properties for which they no longer own the mortgage.

Evidence including hundreds of documents at the Southern Registry indicates that in these cases banks submitted forged or "robo-signed" documents to public registries to prove ownership.

New York Attorney General Eric Schneiderman, a member of the negotiating committee, told a New York newspaper this week that the panel is discussing a possible settlement of between \$20 billion and \$25 billion — one he steadfastly opposes.

O'Brien maintains the actual nationwide damages — to homeowners and to public registries — could be much higher. This week the tenacious Lynn native released an independent audit of mortgage assignments filed at the Southern Registry in 2010 that concern 473 properties. The audit revealed 75 percent of the assignments are invalid and mortgage ownership could be determined for only 287 (or 60 percent) of the properties.

"My registry is a crime scene as evidenced by this forensic examination," O'Brien said. "This is a crime that has affected thousands of homeowners in Essex County who, through no fault of their own, have had their property rights trampled on and their chain of title compromised. The only way we can ever determine the total economic loss and the amount of damage done to the taxpayers is by conducting a full forensic audit of all registry of deeds in Massachusetts."

It's common sense that a thorough investigation is essential to arrive at a just settlement and equally important that safeguards are put in place to ensure integrity in chain of title. However, we are also cognizant of larger implications to our economy and to the housing market in particular if this drags on for years, potentially holding thousands of properties in limbo. What's more — although it's clear the banks are responsible for quite a mess — this does not reduce responsibility on homeowners who should have known they were taking on mortgages they couldn't handle.



O'Brien

'My registry is a crime scene.'