

Sports

YORKTOWN
UNDEFEATEDGirls win 14-9 over
Lakeland/Panas, 1CBlockbuster
deal for JetsQB Mark Sanchez
bound for N.Y., 1C

Business

Little support for union
plan at IBM, 10C

Local News

One Spano challenges
another at tax rally, 1B

The Journal News

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VET: Kent man's home refinanced 4 times, foreclosed this year

CONTINUED FROM 1A

Sica's path to foreclosure was paved with bad luck and questionable judgment that make his story unique. But in his foreclosure, as with countless others nationwide, banks played a decisive role by lending too much money to people clearly unable to make their payments on property valued at many times its worth.

Mark Seiden, a real estate broker in Briarcliff Manor, said during the boom, banks based lending decisions on "the mirror test."

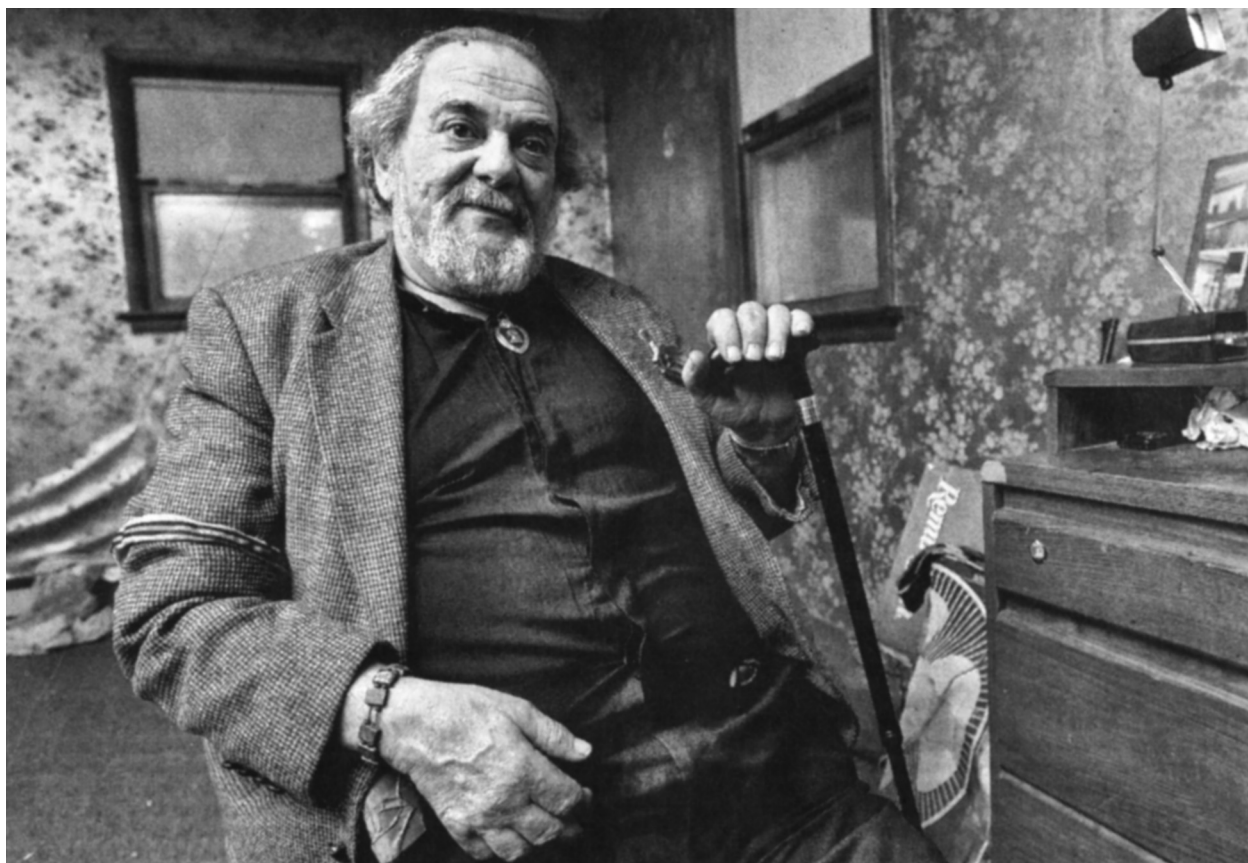
"If you could fog a mirror, you could get financing," said Seiden, who is now certified to handle distressed properties. "As long as the market kept going up, there was no risk for the banks."

Sica said at its height, the value of his 1-acre, lakeshore property soared to more than half-a-million dollars and he continued to borrow against it to cover family expenses.

"People were using their home as an ATM to pay other bills and for luxuries," said Connie Fagan, co-executive director of the Putnam County Housing Corporation in Carmel. "The banks made it so easy, and people thought the banks knew what they were doing. They didn't see they would have to pay it back someday. Their houses kept increasing in value. Then the bubble burst."

The Carmel-based organization has more than 100 open cases of families facing foreclosure or who are behind on payments, said Katherine Perez, a foreclosure intervention counselor with the nonprofit. They own property ranging from \$1 million homes to modest condominiums, she said.

Up to 20 calls a day come from people who are unable to make payments because of



Mike Roy/The Journal News

Dennis Sica Sr. of Kent, 59, a Vietnam veteran, says his home was sold in February at a bank auction without due process.

loss of jobs or reductions in hours, Perez said.

"Many people are living from one mortgage payment to the next," said Dianne Chipman, co-executive director for the agency. "If they get sick or have a major home or car repair, they can't make their payment."

Many got a mortgage with no income verification, Chipman said. "It was an upside-down situation," she said. "The value of the house was less than the principal."

Sica said his financial woes began after the death of his wife in October 2001.

"I could not tolerate the grief of her death and went into depression," he said.

In addition, severe post-traumatic stress disorder

made him an easy target of predatory lenders, said Sica, who was wounded during his stint in Vietnam, where he served with the Marine Corps from 1967 to 1969. He receives 100 percent service-connected disability compensation from the Department of Veterans Affairs "due to unemployability," according to V.A. documents.

From 2002 to 2004, Sica refinanced his house four times at the urging of lenders who took advantage of his mental condition, he said.

"Each time I was given money out of the transaction that was added to the outstanding loan," he said. "But anyone could see that I couldn't fully comprehend the nature and complexities of mort-

gage transactions."

In September 2004, Sica borrowed \$400,000 from Sterling National Mortgage Company Inc. of Great Neck, Long Island, with a 30-year adjustable rate mortgage.

George Michaud, Putnam County director of real property, said the assessed value of the property at the time was \$299,662. It is now assessed at \$425,000.

Sica started with a yearly interest rate of 7.55 percent at a time many borrowers were getting much lower rates. According to Sica's mortgage documents, the rate could rise to 10.55 percent as of October 2007 but could not fall below 7.55 percent. The cap during the life of the mortgage was set at 14.55 percent.

Sica's monthly payments began at \$2,810.57. His monthly income was \$1,263 in disability payments from the VA.

Tricia Hrotko, a spokeswoman for Sterling National, said the bank cannot comment, because of privacy regulations.

In February, Sica's White Plains attorney, Jasbrinder Sahni of Legal Services of the Hudson Valley, asked state Supreme Court Justice Andrew O'Rourke to dismiss the foreclosure action or give Sica time in court to determine whether the lenders had "defrauded" him by giving him loans based on the paper value of his home rather than his ability to make payments.

Sahni said the court also should explore whether the

Who can help

If you are facing foreclosure in Putnam:

The Putnam County Housing Corporation, a private, not-for-profit housing corporation in Carmel, receives federal and state funding to provide free prevention counseling to homeowners facing foreclosure. The organization at 11 Seminary Hill Road in Carmel is open from 8:30 a.m. to 4:30 p.m. Monday through Friday. For a counseling appointment, call 845-225-8493.



Watch a video with this article at LoHud.com.

banks had engaged in "loan flipping, loan padding and/or equity skimming by refinancing Sica's prior loans into substantially more expensive loans with inflated costs."

Sterling's lawyer, Michael Wrona, argued in court documents that foreclosure proceedings against Sica started in July 2005 but had been halted after Sica made several unsuccessful attempts to file for bankruptcy.

Sica has made no payments since January 2005 and his actions "have clearly been directed at harassing, delaying and harming" Sterling, Wrona stated.

In a March 6 decision, O'Rourke ordered Sica to move out. "Defendant has been living in the residence since 2005 rent free," he wrote. "The sale has taken place and defendant must vacate the premises."

Sica has vowed to stay and fight the decision.

"They're going to have to carry me out," said Sica, who without the aid of a lawyer has filed an appeal with the Appellate Division of the state Supreme Court in Brooklyn.