

THE OBAMA ADMINISTRATION WANTS TO RUIN YOUR NEIGHBORHOOD

According to this story, the Administration (in the voice of David Axelrod) sees no need to halt foreclosures while the authorities sort out the mess caused by the fraud committed by loan servicers.

“It is a serious problem,” said David Axelrod, who contended that the flawed paperwork is hurting the nation’s housing market as well as lending institutions. But he added, “I’m not sure about a national moratorium because there are in fact valid foreclosures that probably should go forward” because their documents are accurate.

So Axe says “valid foreclosures” should go forward even while he admits that the servicers’ fraud is affecting the housing market.

Think about what that means. He says that foreclosures that are “valid” should go forward even as we learn more and more news about the huge numbers of foreclosures for which there may be no valid paperwork.

So the bank gets a house in foreclosure with purportedly valid paperwork. And then what?

Particularly in non-judicial states, where no one really reviews the paperwork, who is going to reassure potential buyers for that property that the title is valid?

Frankly, as someone in the market right now, I’ve begun looking critically at properties that were sold at any point during the housing boom—particularly those houses built and sold during the bubble. Because nobody knows whether that house has a clean title. And I’m not even

shopping foreclosures.

In other words, until someone can do something to distinguish the clean titles from the crappy ones, savvy home buyers aren't going to—and shouldn't—be buying foreclosures.

But Axe says it's a good idea to continue to force homeowners out of their home, even as the market for those homes will disintegrate until the title problem is fixed (and in his comment, he concedes the market is already being affected by this). It's going to be harder and harder for banks—never enthusiastic property owners—to find buyers to take those homes off their hands. So those lawns will go unmowed, the houses will get vandalized, property tax won't get paid, and—voilà!—all of a sudden your home value is declining, too, making it much more likely you'll walk away or do something to get out of the dead weight caused by the festering foreclosure problem.

This is just more of the same extend and pretend: put American homebuyers at risk while pretending that the banks did nothing legally inadequate or (more likely) fraudulent during the housing bubble, all in an effort to enable them to avoid paying any consequences for their mistakes during the bubble.