

Written Testimony of Laura McKenna,
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New York State Senate Housing Committee Hearing on Deed Theft
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My name is Laura McKenna, and I am the Marketing Manager for Neighborhood Housing Services of Brooklyn CDC, Inc., a HUD-approved not-for-profit housing organization. We thank the Housing Committee Chair, members of the Housing Committee, and members of the New York Senate for having us testify today.

The mission of NHS Brooklyn is to provide resources to underserved neighborhoods with a focus on first-time home-buyer education and housing preservation through foreclosure intervention, estate planning counseling, and real estate fraud education, among others. This year marks our 40th anniversary of being of service to the Brooklyn community.

Real estate in New York City is like oil in Texas: an invaluable resource. Manhattan and Brooklyn consistently rank in the top three cities with the most expensive real estate markets in the nation.

The dark side of the real estate boom here is how it has fueled deed theft: a ruthless action to steal the title of a property from its rightful owner. Many of these homeowners are Black and Latino, immigrants, and first-generation owners of 1- to 4-unit residences.

Those who are most vulnerable to deed theft include homeowners facing possible foreclosure and seniors who are either isolated or experiencing health issues. Oftentimes these residents come to organizations like ours when it's too late: after the deed has been signed over and the property sold to another party, turning the once proud homeowner into a squatter. The hardest words we have to tell a family in despair of losing their home is "We're sorry, but there is nothing we can do."

Another surprising yet painful fact is that, in spite of its being unethical and disastrous, too often the theft is legal, such as when the homeowner is duped into signing blank documents or paperwork they don't understand, believing they are receiving a repair loan or a mortgage modification, when in actuality the homeowner is transferring their deed away.

A question that is frequently left unanswered in the few cases where the perpetrators are found guilty of fraud by the courts is how are the victims relieved. In many instances the fraudsters who stole the property sold it, while still leaving the former homeowner responsible with the mortgage debt.

For the last 12 years, organizations like NHS Brooklyn, in partnership with other nonprofits and the State Attorney General, have participated in door knocking campaigns, held countless workshops and townhalls informing homeowners of the dangers of real estate scams, deed theft, and predatory lending, and the proper actions homeowners should take if they become delinquent with their mortgage payments.

Since the end of the foreclosure and eviction moratoria in January of 2022, there has already been an uptick in pre-foreclosures. According to Property Shark, an online real estate data source, Brooklyn had a 23% increase in pre-foreclosures in the first quarter of 2022 compared the first quarter of 2020.

We are extremely concerned that the rise in foreclosure numbers will lead to an increase in incidents of deed theft.

Thank you for your time and the opportunity to share our experience with deed theft victims.