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LETTERS

Foreclosures: The Role of the Lenders and the Courts

Published: October 9, 2010

To the Editor:

Re "[On the Foreclosure Front](#)" (editorial, Oct. 3):

Fifteen million homes were at risk of default at the beginning of the year because their mortgage debt was greater than the value of the home. Many foreclosures could be avoided if lenders lowered the mortgage principal to restore the homeowner to a positive equity position.

Mortgage reductions are often profitable to the lenders, because they allow lenders to escape the huge costs they incur in a foreclosure. The Obama administration's move to encourage mortgage principal reductions offers lenders a subsidy to reduce principal. It is, at best, a waste of taxpayer money, since it provides a subsidy to lenders to do what is in their best interest without the subsidy.

Seymour Smidt
Ithaca, N.Y., Oct. 4, 2010

The writer is professor emeritus of finance, Cornell University's Johnson Graduate School of Management.

To the Editor:

In your editorial, you noted that foreclosures "have also been handled with a disregard for rules and standards. There is a pattern here — one that lawmakers and policy makers must change."

Our evidentiary rules represent standards that have been developed over centuries of time. It is not just the lenders who have disregarded them, but also the courts. Judges have been overwhelmed by the sheer number of cases they are being asked to resolve.

To change the disturbing pattern does not require the intervention of policy makers and the passage of new laws. It simply requires that judges who have taken oaths to apply the laws uniformly and fairly regard those values as superior to the value of reducing their caseloads.

Michael J. Wrubel
Davie, Fla., Oct. 5, 2010

The writer is a lawyer specializing in foreclosure defense and appellate law.

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