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Culture & Society

Banks bully D.C. renters out of foreclosed buildings

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WASHINGTON, Dec. 15 (UPI) -- Some banks are using aggressive eviction tactics to push Washington tenants out of their homes as the foreclosure crisis widens, housing counselors say.

Nearly 2,000 area renters in were affected by foreclosure in the first half of 2009, a study conducted by the Urban Institute, a non-profit research group in Washington, indicates.

Many of those tenants never took out a mortgage, never over-extended their credit and paid their rent on time.

Nevertheless, residential counseling groups say those renters are being pushed out, sometimes illegally, by banks looking for a quick resale.

Tony Keener, 52, is one area tenant who lost his apartment when creditors took over his lease. A brick mason's laborer by trade, Keener paid a \$1,200 deposit on a one-bedroom apartment on Allison Street in October 2008. After only two months, the property fell into foreclosure. Keener's landlord told him the bank was taking over his lease.

"Initially, I felt like [my landlord] was trying to pull a fast one," said Keener. "If she knew this place was going into foreclosure, she should have never accepted my money. That's unethical."

Once the bank assumed the lease, someone from the bank called and offered to buy Keener out.

"I thought that was unfair," said Keener. "So I talked to some lawyers, but they told me I probably would not win a case [against the bank]."

Eventually, Keener accepted the bank's offer of \$300 to cancel the lease and move out after only five months.

Housing counselors in the District of Columbia said that tenant buyouts and evictions are becoming more prevalent as banks begin to take over more multi-unit properties.

"In part it may be that banks don't know the city's unique tenant laws," said Farah Fosse, director of affordable housing preservation at the Latino Economic Development Corporation, a non-profit group that offers housing counseling services to D.C. residents.

In most states, tenants living in a foreclosed property are required to vacate their apartments 60 to 90 days following a foreclosure. However the District of Columbia has strong tenant protection laws and it is illegal for property owners to evict tenants due to foreclosure.

The Rental Housing Act of 1985 states that when a rental property is foreclosed on, financial institutions become the new landlord but there is no change in the tenant's rights. This is a problem for banks, which prefer a quick sale to long-term property management, housing counselors say.

"Lenders aren't in the business to own real estate and certainly aren't in the business to manage properties," said Marian Siegal, executive director at Housing Counseling Services, a Housing and Urban Development-approved counseling organization based in the Adams Morgan neighborhood of Washington.

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"As a result we're starting to see not only the owners displacing tenants but also the banks displacing tenants illegally," said Siegal.

In the past month, housing counselors have worked with scores of tenants living in foreclosed buildings in Washington, said Siegal and others.

Fosse said that some of the banks are changing locks on tenants and sending incorrect information to tenants to persuade them to leave.

"Some banks are doing really shady things to get people out like turning off utilities when they know there's a tenant there," said Fosse.

Counselors such as Fosse and Siegal are working overtime to help tenants who often don't know the full extent of their rights but it's already too late for many area renters who were bullied by banks armed with professional negotiators and attorneys.

After leaving his apartment on Allison Street, Keener's construction company laid him off, citing the sudden decline of new construction projects in the city.

Now, Keener spends his nights at the Central Union Mission emergency shelter in the Logan Circle neighborhood and has to cross town to see his fiancée at the Harriet Tubman Women's Shelter in the southeast part of the city.

"I've been here since February of 2009," said Keener. "It's been OK ... well it's kinda rough but I'm not trying to be traumatized by this mortgage thing, you know."

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