



Protect New York Homes:
Foreclosure Prevention Services Work

Statewide Network of Foreclosure Prevention Services Providers Poised to Stave Off Reverse Mortgage Foreclosures, Zombie Property Blight

*Protect New York Homes Campaign launched to secure funding for critical
programs around New York State*

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Contact: Meghan Faux, Legal Services NYC, 718-246-3276, mfaux@lsnyc.org
Kirsten Keefe, Empire Justice Center, 518-935-2846, kkeefe@empirejustice.org

January 23, 2017, Albany, NY — New York State's Foreclosure Prevention Services Network is urging the Legislature to work together with Governor Cuomo to allocate funding to ensure the survival of an effective and highly trained network of housing counselors and legal services providers that help families stay in their homes, help seniors avoid foreclosure due to reverse mortgages and give teeth to the comprehensive foreclosure reforms the Governor led last year. **Without the Network, there will be no coordinated services to implement Governor Cuomo's reverse mortgage proposal, or to enforce comprehensive reforms passed by both Houses of the Legislature and signed into law by the Governor in 2016.**

Communities are still in crisis, mandating the need to continue funding the Network:

- **Reverse mortgage and tax foreclosures are increasing.** Housing advocates are seeing more and more seniors facing foreclosure on reverse mortgages because of tricks and traps by lenders selling these products to equity-rich, but cash-poor senior homeowners, as well as tax foreclosures that can be avoided with professional assistance.
- **Zombie foreclosures and zombie properties are a bigger problem than ever.** Vacant and abandoned properties in foreclosure limbo drag down property values and create unsafe conditions in communities across New York State.
- **Filings are still critically high.** With nearly 34,000 new foreclosure filings in 2016 and nearly 72,000 pending foreclosure cases in New York's Supreme courts, foreclosure cases represent nearly 26% of the Supreme Courts' civil caseload.

- **Loss of federal protections.** Foreclosure cases are getting more complicated to resolve. The federal Home Affordable Modification Program (HAMP) ended in December 2016. HAMP streamlined modifications, obligated servicers to modify loans, and made it easier for homeowners to work directly with their mortgage servicers. The sale of mortgage notes by the Federal Housing Administration and the Federal Housing Finance Agency means tougher negotiations with private Wall Street investors. Further compounding problems faced by homeowners are the threatened rollback of federal regulations and oversight by Congress.

Funding for the Foreclosure Prevention Services Network ends September 30, 2017. Without an allocation of \$30 million, vital services for homeowners and communities will be lost. These services, and the highly trained and well-networked professionals who provide them, are needed now more than ever as New York State seeks to implement new laws and navigate a changing foreclosure landscape.

“One of the most common things we hear from homeowners is that they tried for months, if not years, to work on their own with their mortgage servicer and got nothing but a run-around and the imposition of fees and additional costs that made the situation worse,” said Larry Jayson, Executive Director, Brooklyn Housing & Family Services. “It is not uncommon, and really satisfying when they finally come into one of our housing counseling agencies and a loan modification is obtained.”

"Today, New York homeowners in need of help with their mortgage can access free, high-quality foreclosure prevention services to help them stay in their home," said Christie Peale, Executive Director of the Center for NYC Neighborhoods. "Our network is there for New Yorkers, with offices in every county and New York City borough, but without State funding the network will have to turn away homeowners in need. We must not allow that to happen."

“New York has enacted strong consumer protections to help homeowners in the judicial foreclosure process,” said Justin Haines, Director of the Foreclosure Prevention Unit at Bronx Legal Services. “Unfortunately, those protections are only as good as their enforcement, and are meaningless if legal services are not available to homeowners navigating the complex New York State judicial foreclosure and settlement conference process. The Office of Court Administration recently made tremendous gains in the percentage of homeowners securing representation in the settlement conference process, and in the rate of successful resolutions at settlement conferences, but those gains will be lost without continued funding for this network of advocates.”

“The good news is that filings are gradually decreasing, but the bad news is that numbers are still at 2008 crisis levels,” said Kevin Purcell, Staff Attorney at Empire Justice Center’s Rochester office “and new crises are before us with an uptick in reserve mortgage foreclosures, tax foreclosures and the loss of federal programs. We have achieved so much through these services, keeping thousands of homeowners in place in their communities and they are as critical now, as much as ever.”