



*The*  
FORECLOSURE PREVENTION  
SERVICES PROGRAM

QUARTERLY REPORT  
JANUARY 1<sup>ST</sup> – MARCH 31<sup>ST</sup>, 2009

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# *The* FORECLOSURE PREVENTION SERVICES PROGRAM

The 2008-09 NYS budget included \$25 million to help homeowners in NYS, who entered into a subprime or unconventional mortgage, by providing counseling and legal services. The budget directed that the NYS Housing Trust Fund Corporation (“HTFC”), in consultation with the NYS Division of Housing and Community Renewal (“DHCR”), the NYS Banking Department and the Office of Court Administration,

*“administer a subprime foreclosure prevention services program which shall provide assistance related to foreclosure prevention to homeowners who entered into subprime or unconventional mortgages, including grants and aid to non-profit organizations to provide counseling, mediation, legal representation, and negotiation on behalf of borrowers facing default or foreclosure.”*

A Request for Proposals seeking organizations to provide outreach and education, counseling, mediation, legal representation and court-based services on behalf of New York homeowners who hold a subprime or unconventional mortgage was released on June 18th, 2008.

## GRANTS TO NOT FOR PROFITS

Through an open window request for proposal process, from August 2, 2008 to February 3, 2009, HTFC approved sixty-four (64) grants totaling \$23,201,600 (balance of funds are committed for training). With the commitment of all available funding, each county in the state has at least one foreclosure prevention provider, and most have more than one provider.

With the emphasis on collaboration among non-profit organizations in the RFP, the funding awards made to date actually are providing funding resources to more than one hundred-twenty (120) non-profit organizations through partnership arrangements among the organizations. In addition to the direct funding partnerships, there are countless more collaborations where non-profits are sharing resources, information, and services to leverage their ability to assist homeowners within their geographic service areas.

Many proposals receiving funding have developed very entrepreneurial approaches to providing the full spectrum of services to homeowners including education/outreach, counseling, and legal services through partnerships and collaborations among non-profits who possess different expertise and provide different types of services. Many of the awardees or their partners have received funding for foreclosure prevention services from other sources including the NYS Banking Department, the Center for New York City Neighborhoods, the National Mitigation Foreclosure Counseling Program, or HUD.

Full descriptions of the grant awards and proposals can be accessed through the DHCR web site at [www.nysdhcr.gov](http://www.nysdhcr.gov).

## ORGANIZATIONS REPORTING DURING THE 1ST QUARTER

Under the grant agreement, awardees are required to submit quarterly reports on the foreclosure prevention services provided during that period. For this report, only awardees with contracts executed before March 31, 2009 were required to submit. HTFC approved awards from August 5, 2008 through February 2, 2009. Thirty-eight (38) organizations which submitted reports for the 1st quarter include:

ALBANY COUNTY RURAL HOUSING ALLIANCE, INC. (Capital District)	LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK (Rural North)
ALBANY COUNTY RURAL HOUSING ALLIANCE, INC. (Schoharie County)	LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.
ASIAN AMERICANS FOR EQUALITY	LONG ISLAND HOUSING PARTNERSHIP, INC.
BRIDGE STREET DEVELOPMENT CORPORATION (Coalition for the Improvement of Bedford Stuyvesant)	MARKETVIEW HEIGHTS ASSOCIATION, INC.
BROOKLYN HOUSING & FAMILY SERVICES, INC.	METRO INTERFAITH MANAGEMENT CORP.
CAMBA, INC.	NEIGHBORHOOD ECONOMIC DEVELOPMENT ADVOCACY (NEDAP)
CATSKILL MOUNTAIN HOUSING DEVELOPMENT CORPORATION	NEIGHBORHOOD HOUSING SERVICES OF JAMAICA
COMMUNITY DEVELOPMENT CORPORATION OF LONG ISLAND CHANGER	NEIGHBORS OF WATERTOWN, INC.
EMPIRE JUSTICE CENTER - Rochester	NEW YORK LEGAL ASSISTANCE GROUP
ECONOMIC OPPORTUNITY COUNCIL OF SUFFOLK, INC.	OPPORTUNITIES FOR CHENANGO, INC.
ERASMUS NEIGHBORHOOD FEDERATION	PUTNAM COUNTY HOUSING CORPORATION
GREATER SHEEPSHEAD BAY DEVELOPMENT CORPORATION	RIDGEWOOD BUSHWICK SENIOR CITIZENS COUNCIL, INC.
HOME HEADQUARTERS, INC.	ROCKAWAY DEVELOPMENT & REVITALIZATION CORPORATION
HUMAN DEVELOPMENT SERVICES OF WESTCHESTER	ROCKLAND HOUSING ACTION COALITION
LA FUERZA UNIDA, INC.	SOUTH BROOKLYN LEGAL SERVICES
THE LEGAL AID SOCIETY	STATEN ISLAND LEGAL SERVICES
LEGAL AID SOCIETY OF NORTHEASTERN NEW YORK (Capitol Region)	UTICA NEIGHBORHOOD HOUSING SERVICES NEIGHBORWORKS HOMEOWNERSHIP CENTER
	WESTCHESTER RESIDENTIAL OPPORTUNITIES, INC.
	WESTERN NEW YORK LAW CENTER, INC.

## REPORTING REQUIREMENTS

To reduce the burden on grant awardees, HTFC and the NYS Banking Department developed a joint reporting form to be used by awardees under both grant programs. The data points included were derived from the National Foreclosure Mitigation Counseling Program report and the requirements outlined in the FY 2008-09 NYS budget that created the Program.

The following information is collected on each homeowner served under the program:

◆ Applicant ID Number	◆ Residence Type	◆ Type of Services Provided this Quarter Only
◆ Date of Initial Contact	◆ Product Causing Default/ Foreclosure	◆ Result of Assistance
◆ Zip Code	◆ Reasons for Default	◆ If assistance could not be provided, why not?
◆ Census Tract	◆ Status of Loan at Initial Contact	
◆ Race/Ethnicity	◆ Name of Originating Lender	
◆ Income Level	◆ Name of Current Loan Servicer	
◆ Special Populations		

## FIRST QUARTER REPORT FINDINGS

The reports submitted by the 38 groups represent foreclosure prevention service programs serving 56 counties. A total number of 2,404 individuals were provided some type of foreclosure prevention service during the reporting period.

Highlighted information collected include:

- ◆ More than 1/3 of the clients assisted earned less than 50% of area median income, and close to 1/3 of the clients earned 80% or greater of area median income.
- ◆ 564 clients served were designated as special population; 371 being single parent households.
- ◆ Single family residences accounted for 77% of those assisted.
- ◆ Fixed rate mortgages were the number one loan product and Subprime/Unconventional/Hybrid came in second.

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- ◆ The single most reported reason for default was reduction or loss of income which includes 54% of the clients assisted.
- ◆ Counseling/loss mitigation was the service provided for the majority of the clients served in the reporting period with negotiation second.
- ◆ Service providers reported that 1757 clients served would receive assistance beyond this reporting period.
- ◆ Of those that could not be assisted this quarter, the primary reason involved the client failing to meet the Program requirements.

## 1st Quarter Reporting Results

### RACE

Black/African American	.799
White	.949
Hispanic	.426
Asian	.107
Multiple Race	.28
American Indian	.3
Other	.19
Chose not to respond	.73

### SPECIAL POPULATION/HOUSEHOLD TYPE

Single-Parent household or	.371
Persons who are elderly (age 65 or older)	.26
Persons with disabilities	.129
Persons who are Veterans	.15
Other/More than one (special population)	.23

### LOAN TYPE

Fixed rate mortgage	1100
Subprime/Unconventional/Hybrid	.577
Option Adjustable Rate mortgage	.398
Unknown at Intake	.209
Interest-Only loan	.120

### SERVICE TYPE

Counseling/Loss Mitigation	1354
Negotiation with lender or servicer	.441
Defense of Foreclosure Action	.117
Legal Advice/Legal Representation	.268
Outreach/Education*	.108
Court based services	.47
Other	.69

\*Please note outreach/education examples on following page.

### IF ASSISTANCE COULD NOT BE PROVIDED, WHY NOT?

Client did not meet program requirements	.59
Economics of refinance not viable	.23
Other	.60
Rescue funds not available	.3

### INCOME

Less than 50% of AMI	.845
Between 50% and 79% of AMI	.745
Between 80% and 100% of AMI	.434
Greater than 100% of AMI	.305
Unknown	.75

### RESIDENCE TYPE

Single Family	1857
Duplex	.354
3-Family	.67
4-Family plus	.13
Condo	.25
Co-Op	.21
Other/Not reported	.67

### DEFAULT REASON

Reduction/Loss of Income	1314
Medical Issues/Death of Family Member	219
Increase in Loan Payment	104
Increase in Expenses	151
Subprime/Unconventional Loan Product	176
Poor Budget Management Skills	96
Divorce or Separation	113
Failed Business Venture	57
Other	174

### ASSISTANCE RESULT

Ongoing	1757
Filed Bankruptcy, Chapter 7 or 13	13
Withdrew from counselin	147
Obtained loan modification	89
Sold house	15
Brought mortgage current	24
Foreclosed	13
Other	346

## OUTREACH & EDUCATION

Outreach and education is a key element of an effective foreclosure prevention effort, and therefore each of the foreclosure prevention providers funded under the State's Program were required to include such activities in their scope of work. The only way to ensure that at-risk homeowners get professional foreclosure prevention services is by raising public awareness of the availability of free, professional assistance.

### CENTER FOR NEW YORK CITY NEIGHBORHOODS

One of the Program's awardees which coordinates foreclosure resources in the five boroughs in New York City is the Center for New York City Neighborhoods (CNYCN). This agency was created in 2008 to coordinate and expand multilingual services to New York City residents at risk of losing their home to foreclosure. Through comprehensive city-wide programming that includes legal services, housing counseling, community outreach and education they have become a recognized foreclosure resource in New York City.

With funding provided by the Program, CNYCN has created a call center that provides the first line of contact for NYC homeowners (all five boroughs) in mortgage distress. After assessing the needs of the caller, CNYCN refers the client to an approved housing counselor or legal service provider. From February through May of this year, CNYCN has received 1,606 incoming calls, 1,206 callers have been referred to NYS Subprime Foreclosure Prevention Services Program awardees, and the remainder of the calls have been referred to providers funded under CNYCN, the NYS Banking Department or other sources.

### OTHER HIGHLIGHTS

Education and Outreach highlights from other Program awardees during this reporting period include:

- ◆ **NEDAP** in Manhattan arranged to have stories regarding rescue scams published in two local ethnic newspapers and its foreclosure prevention program was featured in articles and listings by nine local media outlets.
- ◆ **Erasmus Neighborhood Federation** in Brooklyn created a taskforce for the marketing of their foreclosure prevention services that included a local elected official, the NYS Banking Department, community residents and other community based organizations. Their first outreach event will occur on June 20th. This event will be covered by the press and it is anticipated that up to 300 homeowners will be in attendance. This task force has also created its own letterhead so that any correspondence sent to the public will be easily identifiable. Homeowners have been overwhelmed by the number of mailings they receive and it has been difficult for them to decipher which companies offering assistance are legitimate.
- ◆ **Legal Assistance of Western New York, Inc.** in Geneva reached 20,000 people with an article featured on the front page of the Star Gazette entitled: "Program Tries To Stop Foreclosures." It described the range of services available through the Mortgage Foreclosure Prevention Services Program and encouraged homeowners not to delay in seeking help if they fell behind on their mortgage payments.
- ◆ **Changer** in Brooklyn offered a series of foreclosure related workshops to homeowners in English and Spanish during this quarter the first of which was an introductory overview of the process. Specialized classes were then offered related to Loan Modifications, Settlement Conferences, Financial Management, Sales & Short Sales, Bankruptcy, and President Obama's "Making Home Affordable Program".

## TRAINING FOR FORECLOSURE PREVENTION SERVICE PROVIDERS

In addition to the direct services grants to non-profits, the 2008-2009 NYS budget directed that training and support be provided to foreclosure prevention service providers. In response to the budget directive, the HTFC has developed a two-year training plan to increase the capacity and collective skill set of housing counselors and attorneys engaged in foreclosure prevention activities on behalf of New York homeowners. HTFC entered into a two year contract with NeighborWorks America and Empire Justice Center in order to fulfill this need.

### *NeighborWorks America Update*

NeighborWorks America contract includes providing “Foreclosure Basics” E-Learning course to any housing counselor in the State. Thus far, 147 individuals (representing 125 organizations) have registered for the Foreclosure Basics course: 86 individuals have earned a Certificate of Completion and 61 individuals are currently working toward their certificate.

NeighborWorks has held a two day training event entitled “Developing Effective loss Mitigation Negotiation and Sales Skills” in New York City and Buffalo in April and May; details will be included in the next reporting period.

### *Empire Justice Center Update*

Empire Justice Center has held several seminars during this reporting period, including a one day seminar “Representing Homeowners at Mandatory Settlement Conferences” in Albany in February and a two day seminar entitled “Foreclosure Prevention Basics” held in Albany, Melville, and Syracuse throughout February and March.

They have held a two day June training event in White Plains for attorneys entitled “Foreclosure Prevention Basics” to assist practitioners representing homeowners in foreclosure; details will be included in the next reporting period.

### *DHCR Regional Foreclosure Prevention Meetings*

DHCR Commissioner Deborah VanAmerongen hosted six (6) regional meetings of the NYS Foreclosure Prevention Program participants and other providers. The meetings were held in Buffalo, Westchester, Hauppauge, Syracuse, Saratoga, and New York City. The NYS Banking Department, Empire Justice Center, and judges and other court personnel from the various New York State judicial districts assisted in providing participants with information on the Subprime Lending Report Act of 2008, Mandatory Settlement Conferences, and the federal “Making Home Affordable” Plan. In addition to the training, the sessions provided an opportunity for participants to share information on the status of foreclosure prevention activities in the State. More than 200 foreclosure prevention providers attended the sessions and the feedback from attendees was very positive.

### NEXT REPORT

The next quarterly report from grant awardees is due on July 15th for services provided April to June, 2009. HTFC will issue the next report in August, 2009.