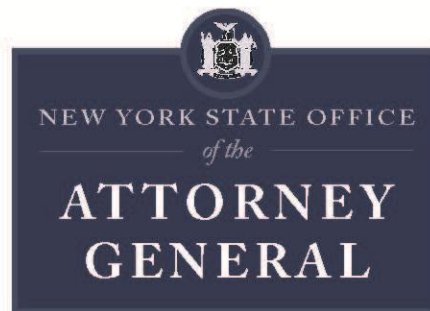




STAYING HOME

A Report on the Second Year of
New York Attorney General Eric T. Schneiderman's
Homeownership Protection Program (HOPP)



September 2014



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A Message from New York State Attorney General Eric T. Schneiderman

With great pride, I present the “Staying Home” Annual Report – a two-year review of the accomplishments of the New York State Attorney General’s Homeowner Protection Program (HOPP) and an announcement of additional funding to protect homeowners.

When I took office in 2011, an estimated 345,000 mortgages were either in default or delinquent in New York State. I was shocked to learn that up to half of all homeowners facing foreclosure in New York did not have access to legal representation. This was unacceptable. Every homeowner in New York who is in loan distress should have access to a qualified legal service provider or housing counselor.

Fighting the fallout from the mortgage crisis is about more than preserving equity – it is about stabilizing our communities. Not only are foreclosures highly disruptive for families, but large numbers of foreclosures within neighborhoods reduce property values and increase crime rates. HOPP not only helps distressed families; it benefits New York’s communities.

In creating HOPP, my office significantly increased the capacity of front-line legal service and housing counseling agencies that represent struggling homeowners. Thanks to their relentless efforts, more than 30,000 New York families have received crucial services – free of charge – in just two years. A significant portion of these families secured loan modifications and no longer face immediate risk of displacement or relocation.

We have made tremendous strides for families in the past two years, and my office is dedicated to standing with all New Yorkers until this crisis has fully subsided. I am pleased to announce that my office is committing up to \$40 million in additional funding to extend HOPP for two more years – ensuring the program will continue to help struggling New Yorkers through September 2017. Moving forward, I am confident we will continue to make a substantial impact on the mortgage crisis in New York. I offer my tremendous gratitude to my HOPP network partners for their dedication, hard work, and unwavering commitment to helping New York families keep their homes.

Sincerely,



Eric T Schneiderman

Introduction

New York State Attorney General Eric T. Schneiderman joined with the U.S. Department of Justice and 47 other Attorneys General in signing the National Mortgage Settlement (Settlement) in March 2012, a historic agreement with the nation's five largest mortgage servicers. The Settlement provided billions of dollars' worth of relief for struggling homeowners in the form of mortgage modifications, refinancing, and other homeownership retention opportunities. The Settlement also included cash awards to each state, of which New York received approximately \$130 million. In June 2012, Attorney General Schneiderman committed \$60 million of those funds to initiate the Homeowner Protection Program (HOPP), a network of housing counselors and legal service providers tasked to help at-risk homeowners across New York avoid foreclosure.

In its first two years of operation, HOPP helped tens of thousands struggling New York homeowners. While many other states redirected their Settlement money to plug budget gaps, Attorney General Schneiderman was determined to ensure that Settlement funding assisted those most affected by the mortgage crisis – distressed borrowers. Within four months of receiving the Settlement money, the Office of the Attorney General (OAG) issued a competitive Request for Applications and began funding a statewide network of HOPP grantees with the resources necessary to assist families across the state of New York. This early investment paid major dividends in the form of mortgage relief. While the Department of Housing and Urban Development (HUD) estimated that New York families would receive \$600 million in mortgage modification benefits under the Settlement, they actually received nearly \$2 billion in benefits, according to the last report from May 2014.¹ Because New Yorkers had access to the HOPP network, homeowners obtained more than triple the benefits than were originally forecast.

HOPP was created to ensure that all New Yorkers have access to free, high-quality housing counseling and legal support to empower them to make reasoned and constructive choices about their homes and futures. Without these critical services, already vulnerable New York families could be susceptible to a variety of harms, including loan modification scams and even misconduct by mortgage servicers. As HOPP moves into its third year, the Attorney General's Office is committed to building on the program's early success by strengthening HOPP's network in New York State's most vulnerable regions. Together, we can ensure that no New York family faces foreclosure alone.

Don't Face Foreclosure Alone.

For Immediate Assistance Call

(855) HOME - 456

or visit

<http://bit.ly/AGHOMEHELP>

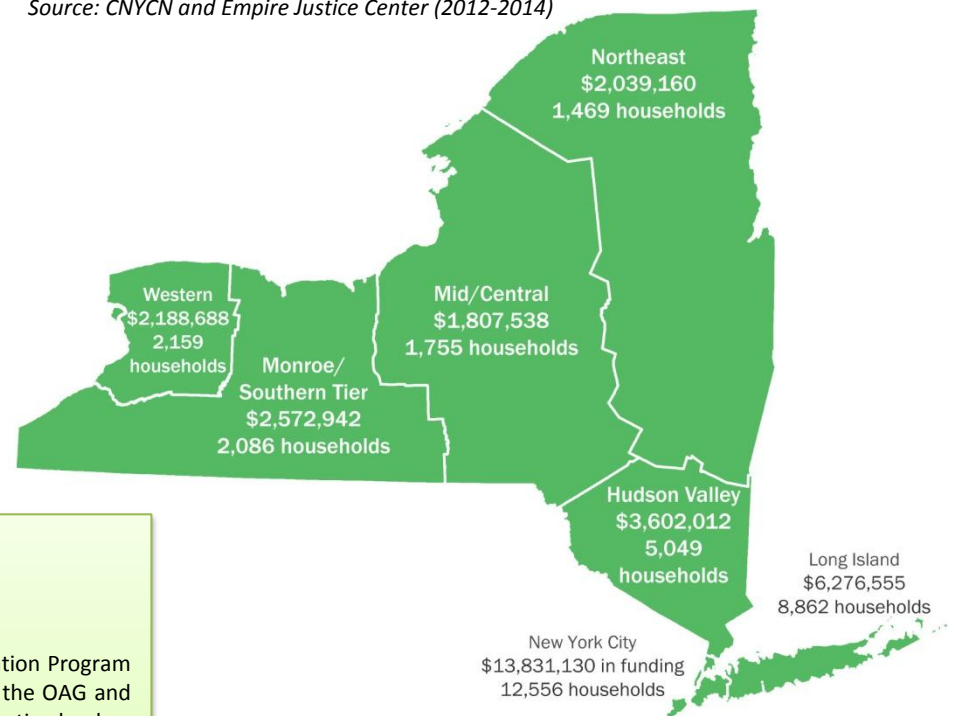
\$40 million for struggling homeowners

For the first two years of HOPP, Attorney General Schneiderman allocated \$40 million to 89 qualified organizations to provide legal and housing counseling services to distressed borrowers across seven regions of New York State. HOPP provided assistance to almost 34,000 clients statewide, meaning that 34,000 New Yorkers and their families did not have to navigate the treacherous loan modification or foreclosure process alone. More importantly, HOPP helped these families stay in their homes. To date, almost one-third of HOPP clients are in active negotiations for, or have received, loan modifications.

In addition to providing direct services grants, the OAG continues to fund two anchor organizations – the Center for New York City Neighborhoods (CNYCN) and the Empire Justice Center – to assist with program management, training, escalations of difficult cases, and day-to-day technical assistance to the network of HOPP grantees. The anchor organizations also assist the OAG in operating a statewide hotline for homeowners, which connects consumers to a housing counselor or legal service provider within 48 hours. In the program’s first two years, more than 9,303 homeowners called HOPP’s hotline.

34,000 New Yorkers Helped Over Two Years

Source: CNYCN and Empire Justice Center (2012-2014)



HOPP Innovation: The Escalation Program

The Center for New York City Center for Neighborhoods (CNYCN) runs the HOPP Escalation Program to tackle some of the most complicated foreclosure cases. Over the years, the staff at the OAG and the CNYCN developed relationships with upper-level staff at some of the largest, most active lenders and mortgage servicers. The collective resources and professional networks of the OAG and CNYCN empowered the Escalation Program to succeed in resolving cases in the best interest of the homeowner – and doing so quickly. The average case resolution time was just three months. In two years, the CNYCN received 330 escalation requests from HOPP partners throughout New York State. Of the 330 requests, more than one-third of Escalation clients received modifications.

HOPP Innovation: Assessing Areas in Need

Various communities around the state were hit particularly hard by the mortgage crisis. This level of distress can have devastating effects on entire communities. In Hempstead, Long Island, for example, nearly 1 in 3 borrowers were 90+ days delinquent on their mortgages. The chart below lists some of the hardest-hit neighborhoods by total number of distressed borrowers and the percentage of those distressed loans compared to total number of mortgages in the area.

Communities with Large Percentages of Distressed Mortgages

Long Island		
Brentwood	1,918	24%
Bay Shore	1,832	18%
Hempstead	1,616	28%
New York City		
Canarsie (BK)	1,813	14%
Cypress Hills (BK)	1,484	24%
East New York (BK)	1,388	24%
Hudson Valley		
Newburgh	1,314	16%
Middletown	1,300	19%
Spring Valley	907	16%
Capital Region and Western New York		
Troy	581	9%
Rochester	536	7%
Buffalo (Kensington)	526	10%

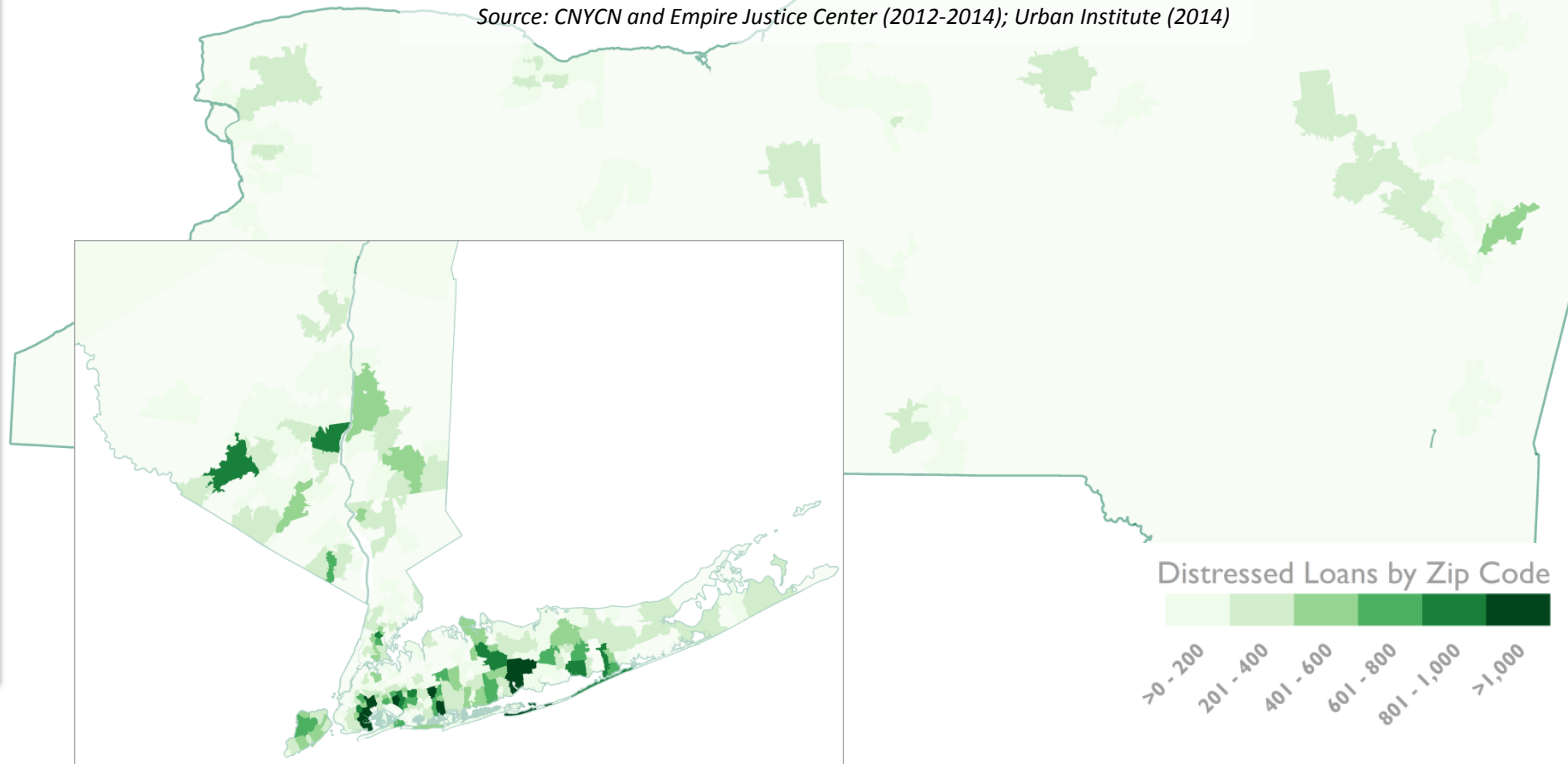
Source: Urban Institute (2014)

Directing services to New York's hardest-hit communities

The mortgage crisis stretched widely across New York State, but severe distress was concentrated in specific geographic regions. By a large margin, the hardest-hit areas were low- and moderate-income neighborhoods in major population centers, including New York City, its suburbs, and upstate cities. The maps on this page chart New York State zip codes with the most distressed loans (loans with payments more than 90 days delinquent), based on 2014 data from the Urban Institute. HOPP services were directed where they were needed most – as shown by the green shaded areas below.

Population Centers Bore the Majority of Foreclosures

Source: CNYCN and Empire Justice Center (2012-2014); Urban Institute (2014)



Helping middle-class families keep their homes

Those who sought HOPP assistance closely mirrored the demographic groups bearing the brunt of the mortgage crisis. Almost two-thirds (64 percent) who received assistance from HOPP reported household incomes below the New York State median income.ⁱⁱ The majority of those who sought assistance from the HOPP network came from households with children – including almost 5,800 single-parent households – underscoring the deep impact the mortgage crisis has had on families across New York State. Moreover, it has been well documented that communities of color were disproportionately affected by the subprime mortgage crisis,ⁱⁱⁱ with some experts calling it the single largest loss of wealth for minorities in modern U.S. history.^{iv} More than half of HOPP clients in New York State self-identified as non-white. Finally, as shown below, the typical HOPP client was a long-term homeowner, with the average client owning a home for 11.5 years before contacting HOPP for assistance.

64%

HOPP clients self-reported as below New York State's median income

11.5

Average number of years HOPP clients reported owning their homes

55%

Percentage of HOPP clients self-reported as non-white

9,591

HOPP clients married with dependents

HOPP Helped:

Peralta Lacombe

(Queens County, New York)

Ms. Lacombe, a single mother of three, purchased her home in Queens in 2004. She works as a home-health aide and struggled to keep up with health care costs for one of her sons, who suffers from severe asthma.

In 2010, a fire destroyed her home and forced her family into a rental apartment. After arguing with the insurance company for nearly two years, she exhausted her resources and fell behind on her mortgage.

Fortunately, Ms. Lacombe found HOPP grantee Queens Legal Services (QLS), which helped save her home and was there to guide Ms. Lacombe throughout the entire process. QLS represented her in court and helped her prepare and submit a loan modification application. QLS eventually secured an extremely affordable loan modification for Ms. Lacombe, which lowered her interest rate and monthly payment.

Ms. Lacombe has almost completed fire damage repairs to her house, and she and her family cannot wait to return to their home.

Acting on behalf of distressed borrowers

The HOPP network works on the front lines of the mortgage crisis, tracking banks' and mortgage servicers' compliance with the Settlement's servicing standards through HOPP clients. This helps keep the OAG informed of real issues facing distressed borrowers in New York. Nearly half of reported complaints involved banks' or mortgage servicers' failure to comply with deadlines in the loss mitigation review process. The Office of Court Administration estimated the banks' widespread failure to comply with timeline rules delayed almost 25,000 families in getting court-mandated settlement conferences.^v The OAG also used its legislative and regulatory powers to address concerns brought by homeowners, including suing HSBC, successfully urging passage of the Certificate of Merit bill, and partnering with Bank of America to reduce the number of stalled foreclosure cases in Nassau County.

HOPP Innovation: The Long Island Settlement Conference Pilot

Bank of America joined forces with HOPP agencies on Long Island and the Empire Justice Center to address the backlog of cases stuck in the foreclosure litigation process. Settlement conferences are legally mandated mediation sessions between a lender and a homeowner, supervised by a judge or court referee, intended to enable both parties to explore alternatives to foreclosure. However, legal service providers funded under HOPP reported having to attend as many as 10 conferences on behalf of a single borrower. This creates additional hardships for borrowers, as excessive fees and interest penalties accrue during these delays – which could decrease the likelihood of achieving a positive outcome. To address this issue, Bank of America, in partnership with HOPP, spearheaded a pilot program aimed at making conferences more effective and efficient. In April, Bank of America identified 105 homeowners in Nassau County needing expedited settlement conferences. HOPP advocates brought an additional 27 cases that had been stalled for years. Bank of America brought in 12 workout specialists and two bank vice presidents to handle these 132 cases. To date, 23 loan modifications have been approved, with some still in review. The courts expect this streamlining will cut months off the timeline for case resolution.

Top Complaint

46% of HOPP clients reported servicers who did not comply with foreclosure timelines.

Real Solutions

Sued HSBC

The bank was not adhering to filing deadlines in the foreclosure process, which prevented homeowners from getting their legally guaranteed day in court.

Passed 'Certificate of Merit' Bill

The bill makes it nearly impossible for banks or mortgage servicers to bring a foreclosure action without also filing the necessary paperwork to trigger the borrower's right to a settlement conference – expediting future foreclosure cases and helping New York clear the backlog of pending cases.

Increasing funding to hardest-hit communities

Attorney General Schneiderman is committed to building on HOPP's considerable achievements for a third year. Part of that process is ensuring that HOPP is strong in areas where homeowners are in the greatest need. When HOPP was first announced, the Attorney General committed \$20 million for each year of operation. For the third year of operation, HOPP has secured additional funding for the hardest-hit regions in New York State. Over \$2.3 million of the additional funding will be directed to the HOPP networks in New York City and Long Island, as well as \$900,000 in funding to the HOPP network in the Hudson Valley.



HOPP Helped:
Shari Roufberg
(Westchester County, New York)

Ms. Roufberg lost her father in 2008. After his death, she inherited the family business, but a protracted legal battle ultimately forced her to sell it at a loss. By 2011, Ms. Roufberg had exhausted all her savings and struggled to keep up with her mortgage payments. Initially, Ms. Roufberg attempted to negotiate with her mortgage company on her own, but the lender refused to work with her. Fortunately, she heard about Westchester Residential Opportunities (WRO), a housing counseling agency and HOPP grantee serving Westchester County. The housing counselor at WRO spent almost three years working through the complications of getting Ms. Roufberg a mortgage modification, and their persistence paid off. In May 2014, she was granted a permanent loan modification, significantly lowering her monthly payments.

"I could not have gotten through this without the help of WRO. It was such a stressful time for me, and every day I feared I'd find the sheriff at my door, ready to evict me. The assistance I received provided tremendous relief and made it easier for me to sleep at night." – Shari Roufberg

\$100 Million for Helping Homeowners

By many measures, the HOPP program has been a tremendous success, providing critical resources for over 30,000 New York homeowners as they struggle to move past the foreclosure crisis. However, it remains clear that there is more work to be done. The crisis had a painful and enduring effect in New York, disrupting families and altering communities across the state.^{vi}The HOPP program remains an essential resource for many New Yorkers who are fighting to stay in their homes. For that reason, the OAG is committing to expand the HOPP program for an additional two years, ensuring that this assistance will be available through September 2017.

The OAG will dedicate up to an additional \$40 million in funding and issue a new Request for Applications in the summer of 2015, bringing the total commitment from the OAG to \$100 million.

Looking back at the first two years of operations, HOPP's success would not have been possible without the impressive effort of the hundreds of housing counselors, lawyers, and other professionals who make up the network. The hard work of these individuals cannot be fully enumerated by any statistic or figure, but their collective wisdom and dedication is the engine that drives HOPP's success. OAG looks forward to continuing our campaign together to ensure that all New Yorkers have a chance to keep their homes.



HOPP Helped: **Robert & Maureen Steiger** (Suffolk County, New York)

The Steigers have been homeowners for 35 years. During the economic downturn, Mr. Steiger lost a part-time job and Mrs. Steiger suffered a reduction in overtime pay, making it difficult for them to sustain their monthly mortgage payments.

Initially they turned to their mortgage servicer for help. Finding the process extremely difficult to navigate on their own, they sought the assistance of three different outside "agencies" for help. Unfortunately, those entities provided the Steigers with little assistance, and one group even appeared to be a scam. Finally, in 2013, the Steigers received a flyer from the Long Island Housing Partnership (LIHP), a HOPP counseling agency serving Nassau and Suffolk counties. Their LIHP counselor coached them on how to fill out the paperwork and correspond with Wells Fargo, their mortgage holder. She stayed with them throughout the process and in June 2014, the Steigers were finally approved for a loan modification.

"We can't thank Long Island Housing Partnership enough. If it weren't for [LIHP], we might have lost the home that we worked so hard for and love." - Maureen Steiger

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