

A.G. SCHNEIDERMAN ANNOUNCES \$60 MILLION COMMITMENT TO FUND HOUSING COUNSELING AND LEGAL SERVICES FOR STRUGGLING HOMEOWNERS

Announces Request For Applications For A.G.'s Homeowner Protection Program

FOR IMMEDIATE RELEASE: JUNE 18, 2012

Schneiderman: Funding Housing Counseling And Legal Services Will Help Struggling New Yorkers Keep Their Homes

HUD Secretary Donovan: New York's Program Is A Model For How Mortgage Settlement Funds Should Be Used Nationwide

HAUPPAUGE – At an event at the Long Island Housing Partnership, Attorney General Eric T. Schneiderman today announced the launch of the Homeowner Protection Program, his office's commitment of \$60 million over three years to fund housing counseling and legal services for struggling New York homeowners. Today's announcement coincides with the release of the Request for Applications (RFA) for the Attorney General's program for service providers to begin the process of helping homeowners. The Attorney General was joined by U.S. Secretary for Housing and Urban Development Shaun Donovan, homeowners, and representatives from agencies that will be partners in the effort.

“The rise in foreclosures across New York is troubling, but this isn't just a matter of numbers: each foreclosure represents a devastating loss for a family and a community. This program puts homeowners first, and will get our neighborhoods back on track,” said **Attorney General Schneiderman**. “Funding housing counseling and legal services is an essential first step to help more families stay in their homes and avoid foreclosure. As we continue to investigate the mortgage crisis that has hurt communities in every corner of this state, we must ensure that homeowners get the expert guidance and legal representation they need to protect their rights before it's too late.”

The funds to be awarded through the RFA process represent a portion of the millions of dollars that New York received as a result of the national mortgage servicing settlement that was announced in February between the five largest mortgage servicing banks, 49 states, and the federal government over foreclosure abuses.

Housing and Urban Development Secretary Shaun Donovan hailed Attorney General Schneiderman's use of the settlement funds to directly assist homeowners who are still

struggling. Secretary Donovan said, "Since the settlement was announced I have met with state attorneys general across the country to urge them to use these settlement dollars to help homeowners. Not only has Attorney General Schneiderman joined many of his colleagues in making that commitment, he is moving to get these dollars out to housing counseling and legal services groups so that homeowners can benefit directly. This program is a national model for how the settlement money should be spent. The leadership that Attorney General Schneiderman showed in helping to get this historic settlement completed is why homeowners like Sabrina Lacy can now sleep easier at night."

The Office of the Attorney General has retained the Center for New York City Neighborhoods (CNYCN) and the Empire Justice Center (EJC) to act as "Anchor Partners" for the funding program. They will assist with the administration and management of grants. CNYCN will cover grants in New York City and EJC will assist with grants throughout the rest of the state. Both organizations have a long history of grant management for government programs, as well as direct training, technical assistance and support to direct service providers in the areas of housing counseling and legal services.

Anne Erickson, President of Empire Justice Center, said, "Attorney General Schneiderman has worked tirelessly to ensure that the funding secured through this national mortgage settlement is used in the true spirit for which it is intended – to help fight the epidemic of foreclosures across the country and to do so by funding on-the-ground services for homeowners at risk of losing their homes. We at the Empire Justice Center are incredibly proud to be an anchor partner with the New York Attorney General's Office to ensure that these funds are used in the most efficient and effective manner to protect the legal rights of homeowners and help them obtain mortgage modifications wherever possible."

Christie Peale, Executive Director of Center for New York City Neighborhoods said, "Attorney General Schneiderman's commitment to fund legal services and housing counseling for the next three years is a real lifeline for those families struggling to pay their mortgages and our neighborhoods burdened by foreclosures. As one of the anchor partners, the Center for NYC Neighborhoods is dedicated to working with the Attorney General's office and the Empire Justice Center to deliver this vital assistance to New Yorkers as quickly as possible. Together we will identify the best organizations whose experience and high quality services will help those homeowners who need it the most."

Mark Ladov, Counsel, Brennan Center, Democracy and Justice Programs, said, "To ensure that 'equal justice for all' is more than just a slogan, people facing complex problems like home foreclosure need to be represented by lawyers. Attorney General Schneiderman understands this, and we commend him for making civil legal services a central part of his strategy to combat the foreclosure crisis. Funding legal services is the most concrete and effective way to make sure homeowners don't have their legal rights trampled by unscrupulous mortgage servicers or foreclosure mill law firms. And this program will save money in the long run by aiding New York's hardest-hit communities and boosting our economy -- something all states should remember as we confront our nation's foreclosure crisis."

Reverend Dr. Calvin O. Butts, III, President of State University of New York College at Old Westbury and Pastor of the Abyssinian Baptist Church, said, “Block after block in neighborhoods like Southeast Queens and Canarsie, our communities continue to live with the fallout from the foreclosure crisis. Household wealth that took generations to build has been lost—over 80 percent for the median African American household. I commend Attorney General Schneiderman for taking a comprehensive approach to addressing this crisis, both getting funds out quickly to legal services organizations and housing counselors who can help to stop the bleeding in the short run, and continuing to investigate and pursue justice for the root causes of this tragedy.”

Peter Elkowitz, Executive Director of Long Island Housing Partnership, said, “For many people, Long Island symbolizes the American dream of middle class homeownership, but since the housing bubble burst, we have suffered among the highest foreclosure rates in the state. We know from experience the life changing difference it can make for a homeowner to have a lawyer or a housing counselor at their side to fight for their home. With this plan to fund those critical services for the next three years, the Attorney General Schneiderman is providing a national model for what states should be doing to protect homeowners from foreclosure.”

Denise Scott, Executive Director of Local Initiatives Support Corporation (LISC), said, “While it may no longer be in the headlines, the foreclosure crisis continues to tear at the fabric of communities across New York City and State, and the loss of foreclosure prevention legal services and housing counseling would make the crisis infinitely worse. By making a three year commitment to preserve these services, Attorney General Schneiderman is ensuring that the folks on the front lines of this crisis can focus on keeping families in their homes.”

Craig S. Nickerson, President National Community Stabilization Trust, said, “Across the nation there are still millions of homeowners who are either delinquent or underwater on their mortgages. By dedicating a substantial portion of the funds from the National Mortgage Settlement to provide legal services and housing counseling, Attorney General Schneiderman is providing a national model for how states should be using settlement funds to help keep people in their homes and to stabilize neighborhoods hard hit by the housing crisis.”

David Jones, President of Community Services Society, said, “The national mortgage settlement tightened rules for mortgage servicing to protect homeowners and made significant resources available for mortgage modifications. But homeowners still need someone on their side to protect their rights and help them navigate the process. By committing to fund housing counseling and legal services for the next three years, Attorney General Schneiderman is ensuring that thousands of struggling New York families will get the assistance they need to avoid foreclosure and keep their homes.”

Legal services funded through New York’s Foreclosure Prevention Services Program have become an integral part of the foreclosure process in New York State, but funding for the program was set to expire on April 1 of this year. As a result of the Attorney General Schneiderman’s Homeowner Protection Program, these critical services will continue to be funded for at least three years.

New York's comprehensive foreclosure prevention law entitles homeowners to a 90 day pre-foreclosure notice before a lender can begin a foreclosure action. This notice is required to include a list of at least five nonprofit housing counseling agencies that can assist homeowners at risk of foreclosure. These organizations can sometimes assist homeowners obtain loan modifications from lenders at foreclosure settlement conferences. Without funding for the Foreclosure Prevention Services Program, most of these agencies would lose the resources necessary to fulfill these critical obligations to homeowners.

One such agency, the Long Island Housing Partnership (LIHP), hosted the Attorney General's announcement today. Also present at the announcement was Sabrina Lacy, a homeowner who received assistance from LIHP. Ms. Lacy was facing foreclosure on her Central Islip home, but as a result of advocacy by LIHP on her behalf, Ms. Lacy received a principal reduction of \$215,186, with a trial payment interest rate of 2 percent. This modification, which was offered by her servicer pursuant to the National Mortgage Settlement, will allow Ms. Lacy to stay in her home.

Homeowner Sabrina Lacysaid, "Without the national mortgage settlement and the help of the Long Island Housing Partnership to negotiate a loan modification, I would have lost my home. Thanks to Attorney General Schneiderman, thousands more families will have a chance to get the kind of help that I got."

In addition to penalties for past abuses, New York's share of the National Mortgage Settlement includes direct relief to victims of wrongful foreclosure conduct, and billions of dollars nationwide for loan modifications including principal reductions for struggling homeowners. The settlement, which imposes strong national standards for mortgage servicing, also fulfilled Attorney General Schneiderman's demand that he retain the right to bring legal action over misconduct that has not yet been fully investigated.

Today's announcement is the latest part of Attorney General Schneiderman's multi-pronged strategy to stem foreclosures, provide relief to struggling homeowners, and hold accountable those responsible for the mortgage crisis. The current wave of foreclosures was precipitated by the bursting of the housing bubble, which cost American families over \$7 trillion in household wealth; destroyed millions of jobs; and plunged the nation into the deepest and longest recession in 70 years. In 2011, a staggering 345,000 mortgages were either in default or delinquent in New York State.

Last week, Attorney General Schneiderman introduced the Foreclosure Fraud Prevention Act, which would impose criminal penalties for knowingly filing false documents in a foreclosure proceeding, or overseeing employees who engage in such activity.

In January, A.G. Schneiderman was appointed by President Obama to co-chair the Residential Mortgage-Backed Securities Working Group. This joint investigation brings together the Department of Justice (DOJ), HUD, the Securities and Exchange Commission (SEC), the Consumer Financial Protection Bureau, several state law enforcement officials, and other federal agencies to investigate those responsible for misconduct contributing to the financial crisis

through the pooling and sale of residential mortgage-backed securities. It builds upon ongoing state and federal investigations, while also launching new ones.

More information on today's request for applications for the Attorney General's Homeowner Protection Program is available online

at: <http://www.nysmortgagesettlement.com/resources.html>