

A.G. SCHNEIDERMAN ANNOUNCES \$3 MILLION AWARDED FOR FORECLOSURE PREVENTION LEGAL SERVICES STATEWIDE

\$1.5 million allocated to NYC legal services providers

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NEW YORK – Attorney General Eric T. Schneiderman today announced his office has awarded \$3 million in foreclosure prevention services to aid New Yorkers struggling through the foreclosure crisis. In January, Attorney General Schneiderman first issued a Request for Applications (RFA) seeking bids from non-profit legal services and legal aid organizations to provide direct legal services to homeowners in foreclosure or at imminent risk of foreclosure. 31 organizations across the state were awarded grants from the Attorney General to help homeowners.

Today's announcement comes only weeks after Attorney General Schneiderman designated a separate \$15 million of the \$132 million he secured from the national mortgage servicing settlement to be used to extend funding for foreclosure prevention and other related services. Up to \$9 million of that allocation will be used to support the state's Foreclosure Prevention Services Program, which was set to expire on April 1, and \$6 million will support housing and community renewal activities statewide through not-for-profit community-based housing organizations.

"As our state faces tight budget times, we must be creative and aggressive in our efforts to support working families who are struggling to stay in their homes," said Attorney General Schneiderman. "Funding legal services is essential to bringing relief for the homeowners and communities that have been devastated by the crash of the housing market, and these grants will provide thousands of New Yorkers with the legal expertise they desperately need to defend their rights in court. As we continue to investigate the mortgage crisis that has impacted communities in every corner of this state, this effort will ensure that justice and accountability prevail at every step of the way."

"This is a major victory for struggling homeowners facing foreclosure in every corner of New York State," said Mark Ladov, Counsel, Democracy and Justice Programs at the Brennan Center for Justice at NYU School of Law. "We appreciate Attorney General Schneiderman's tireless efforts to help fight the epidemic of foreclosures across the country by funding on-the-ground services for homeowners at risk of losing their homes. Because of his leadership, New York's most vulnerable homeowners will receive access to vital and effective services that provide the last line of defense against avoidable-and often wrongful-foreclosures."

"We are incredibly lucky to have such high quality foreclosure prevention legal assistance groups here in New York State", said **Christie Peale, Executive Director of the Center for**

New York City Neighborhoods. "The lawyers and paralegals who help struggling homeowners navigate the complexities of the legal foreclosure process play an invaluable role. Through his commitment to fund these services, Attorney General Schneiderman has once again proven himself to be a dedicated champion in the efforts to prevent foreclosures, and we thank him for his continued leadership."

Two million dollars of today's allocation will be funded by an agreement with Steven J. Baum P.C., Pillar Processing, LLC, Steven J. Baum, and Brian Kumiega as part of a settlement with New York State related to abuses in their foreclosure-related legal work. Another \$6 million will be funded by unspent dollars from a settlement between the Attorney General's Office and Ameriquest Mortgage, Co. That investigation found that Ameriquest engaged in predatory and illegal lending practices to sell and refinance mortgages, including misrepresenting and failing to disclose loan terms, charging excessive loan origination fees, and inflating appraisals to qualify borrowers for loans.

Statewide, an average of 1 in 10 mortgages is at risk of foreclosure. The approximate number of individuals living in homes that are either in foreclosure or at risk of foreclosure (based on typical household size for each distressed mortgage) exceeds the populations of Buffalo, Rochester, and Syracuse combined.

Civil legal services for homeowners have become an integral part of our state's foreclosure process. New York's comprehensive foreclosure prevention law entitles homeowners to a settlement conference in court within sixty days after a foreclosure action is filed with the court. Organizations providing foreclosure prevention legal services have offered critical support for homeowners in negotiating loan modifications or other positive resolutions from lenders at foreclosure settlement conferences. Without funding from the state, most of these agencies would lose the resources necessary to fulfill these critical obligations to homeowners.

While foreclosures come at a high cost for families and communities, preventing foreclosures through legal assistance is cost effective for taxpayers. The Empire Justice Center projects that if foreclosures of currently distressed properties continue unabated, they will cost local governments in New York State more than \$5 billion. However, for every foreclosure averted, through legal assistance or other measures, counties would save an average of \$186,695 in direct and indirect costs including losses in property value and tax revenue.

In February, Attorney General Schneiderman announced a settlement of over \$130 million for New York with the nation's five largest mortgage servicers over foreclosure abuses, the fourth highest dollar amount nationwide as part of the federal-state settlement. In addition to penalties for past abuses, the settlement includes direct relief to victims of wrongful foreclosure conduct, loan modifications including principal reductions for struggling homeowners, and funds that can be used to support foreclosure legal assistance and housing counseling programs. The settlement, which also imposes strong national standards for mortgage servicing, fulfilled Attorney General Schneiderman's demand that he retain the right to bring legal action over misconduct that has not yet been investigated.

