



STAYING HOME

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



August 2015



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

It is with great pride that I present *Staying Home*, a three-year review of the accomplishments of my office's Homeowner Protection Program (HOPP). We launched HOPP in October of 2012 with a three-year \$60 million commitment of funds secured through the National Mortgage Settlement, an agreement between 49 state attorneys general and the nation's five largest mortgage servicers. Three years later, my office funds almost 90 organizations that offer free, high-quality housing counseling and legal services to families who are struggling to avoid foreclosure and stay in their homes.

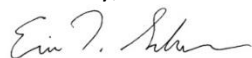
Our partners in the HOPP network have been tireless in their commitment to help keep New Yorkers in their homes, serving more than 49,000 families across the state in three years. HOPP is making good on a commitment I made during the earliest days of my administration that no family would lose their home because they did not have access to a housing counselor or lawyer. The vital services provided by this network of counselors and lawyers often mean the difference between a refinanced mortgage and homelessness.

In the last year, my office has expanded on HOPP's success with two new initiatives: the New York State Mortgage Assistance Program (NYS-MAP) and AGScamHelp.com. In less than a year, NYS-MAP has provided no-interest loans to more than 300 New York families at risk of foreclosure. AGScamHelp.com has helped thousands more identify predatory mortgage rescue schemes and connect with the qualified housing counselors and legal staff at our many HOPP partners around the state.

My office has committed an additional \$40 million to extend HOPP for another two years, ensuring that New Yorkers in need will continue to have access to a variety of tools and resources to help them keep their homes and rebuild their communities in the wake of the foreclosure crisis. Our work would not be possible without the help of our anchor partners – the Center for New York City Neighborhoods and the Empire Justice Center – who assist my office in managing HOPP by providing training, support and technical assistance to our network of partners.

As we embark on the next phase of the program, I am confident that HOPP will continue to help thousands of additional families across New York State stay in their homes.

Sincerely,



Eric T Schneiderman

Introduction

In February 2012, New York State Attorney General Eric T. Schneiderman joined with the U.S. Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and 48 other attorneys general in signing the National Mortgage Settlement (Settlement), a historic agreement with the nation's five largest mortgage servicers. The Settlement provided \$25 billion 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 create the Homeowner Protection Program (HOPP), a network of housing counselors and legal service providers to help financially struggling families across New York avoid foreclosure.

While many other states redirected their Settlement money to plug budget gaps, Attorney General Schneiderman was determined to ensure that Settlement funding assisted those hurt most 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 for New Yorkers. In its first two years of operation, HOPP provided free, high-quality services to tens of thousands of New York families. While HUD estimated that New York families would receive \$600 million in mortgage modification benefits under the Settlement, they actually received closer to \$2 billion thanks to access to the HOPP network of housing counselors and lawyers.ⁱ

In the last year, Attorney General Schneiderman has built on the success of HOPP by creating the New York State Mortgage Assistance Program (NYS-MAP), a loan program to help even more families qualify for mortgage modifications and keep their homes. He also created AGScamHelp.com, a resource to help New York families avoid costly loan modification scams. Attorney General Schneiderman is committed to building on the success of the last three years 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:

<https://www.AGScamHelp.com/>

A Look Back at the First Three Years of HOPP:

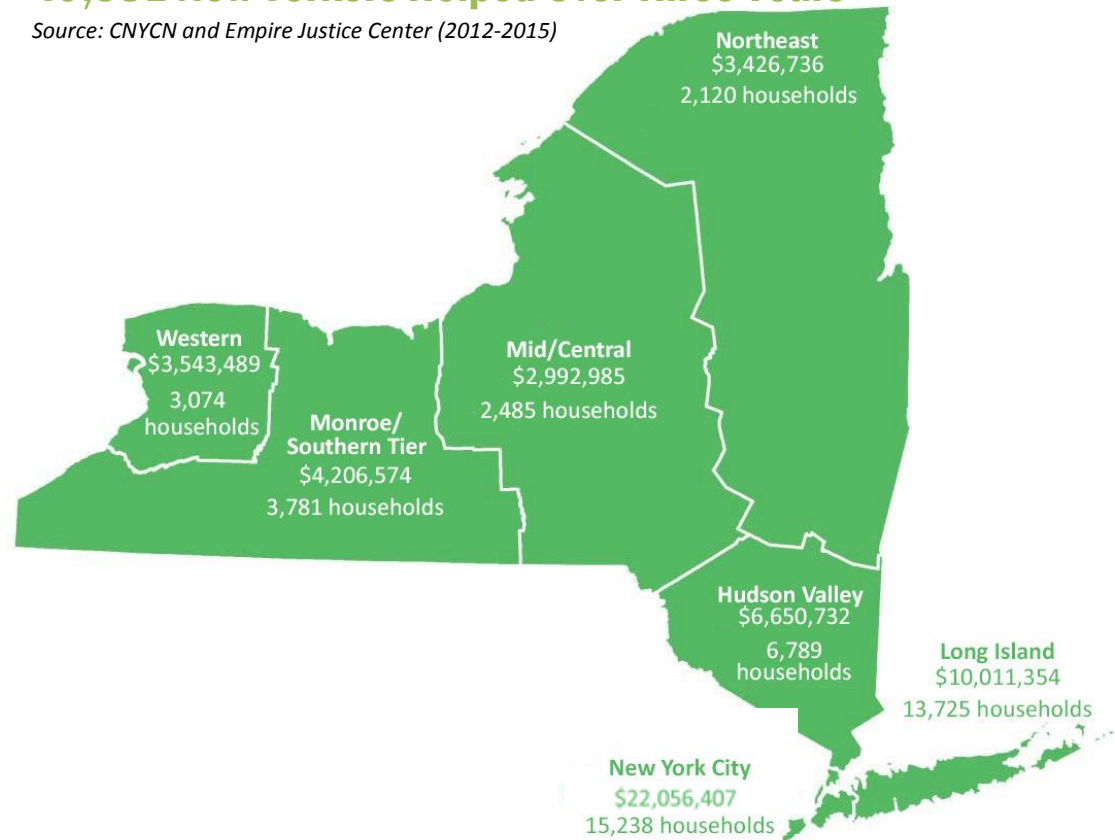
\$60 million for struggling homeowners

During the first three years of HOPP, Attorney General Schneiderman allocated \$60 million to qualified organizations to provide legal and housing counseling services to distressed borrowers across seven regions of New York State. HOPP has provided assistance to almost 50,000 clients statewide, meaning 50,000 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 a third of HOPP clients are in active negotiations for, or have received, loan modifications.

In addition to providing direct services grants, 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 OAG in operating a statewide hotline for homeowners, which connects consumers to a housing counselor or legal service provider within 48 hours. In three years, more than 12,000 homeowners have called HOPP's hotline.

49,381 New Yorkers Helped Over Three Years

Source: CNYCN and Empire Justice Center (2012-2015)



HOPP Innovation: Assessing Areas in Need

Certain regions around the state were hit particularly hard by the mortgage crisis. High levels 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, as well as 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%

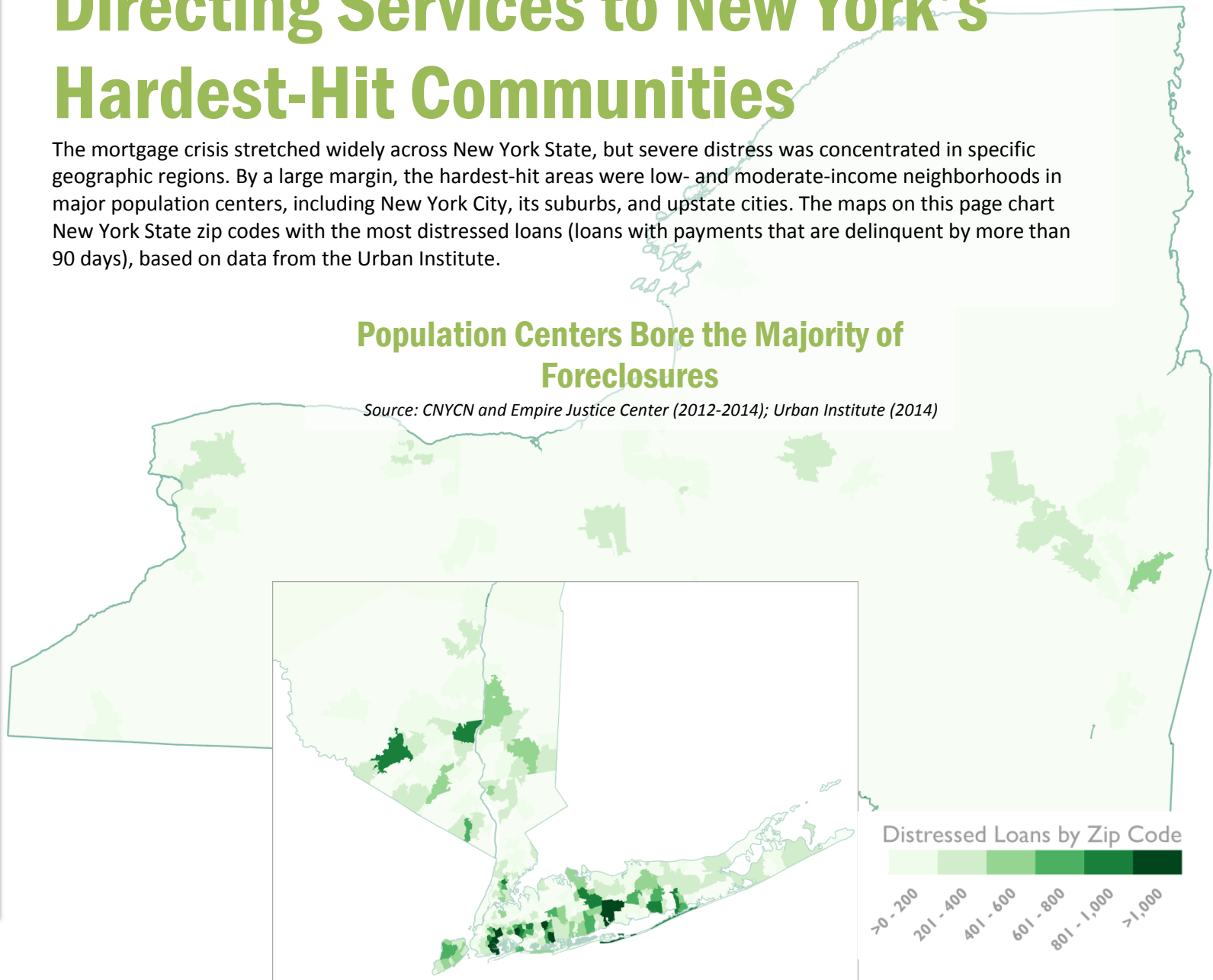
Source: Urban Institute (2014)

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 that are delinquent by more than 90 days), based on data from the Urban Institute.

Population Centers Bore the Majority of Foreclosures

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



Helping New York Families Stay in Their Homes

Those who have sought HOPP assistance over the past three years closely mirror the demographic groups bearing the brunt of the mortgage crisis. Almost two thirds (64.8 percent) of those who received assistance from HOPP report household incomes below the New York State median income. The majority of those who have sought assistance from the HOPP network come from households with children – including almost 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,ⁱⁱ with some experts calling it the single largest loss of wealth for minorities in modern American history.ⁱⁱⁱ Nearly half of HOPP clients in New York State self-identify as non-white. Many HOPP clients are also long-term homeowners, with the average client owning a home for 12.19 years before contacting HOPP for assistance.

64.8%

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

12.19

**Average number of years HOPP
clients report owning their homes**

48.5%

**Percentage of HOPP clients
self-report as non-white**

13,570

**HOPP clients married with
dependents**

HOPP Helped:

Augustine McDowell

(Bronx County, New York)



Mr. McDowell, a low-income, single man, was in danger of losing his home to a tax lien foreclosure sale. The home has been in the McDowell family since the 1960s and Mr. McDowell has lived there his entire life.

Mr. McDowell fell behind on his property tax payments after he was laid off. He also lost income when his tenant fell ill and was no longer able pay the full rent.

Fortunately, Bronx Legal Services was able to delay the foreclosure sale by filing a last-minute Order to Show Cause. Moreover, Bronx Legal Services was able to negotiate a settlement with the lien holder, Tower Capital Management. Mr. McDowell was able to pay the tax settlement amount with a deferred 0% interest loan from NYS-MAP. As a result, Mr. McDowell was able to keep his home.

The New York State Mortgage Assistance Program

In October of 2014, Attorney General Schneiderman announced the launch of a new program to further assist struggling homeowners served by HOPP. OAG research has found that oftentimes small debts stand in the way of families qualifying for mortgage modifications, or otherwise threaten families with the loss of their homes. The **New York State Mortgage Assistance Program (NYS-MAP)** provides homeowners with small loans up to \$40,000 to pay off such debts. These loans make it possible for New York families to stay in their homes. The program is administered by the Center for New York City Neighborhoods, a HOPP anchor partner.

To access NYS-MAP, homeowners work with a HOPP counselor or legal aid provider to complete the application. Eligible loan uses include:

- Satisfying mortgage or interest arrears to regain “current” status on a first mortgage, or to better negotiate a first lien modification
- Pay-down of the second or third mortgage to achieve a more affordable monthly mortgage payment.
- Pay-off of property tax liens or other liens that might lead to loss of homeownership.
- Borrower “match” to achieve principal reduction or other beneficial first lien modification.

NYS-MAP Results, January-July 2015

Region	Applications Approved	Total Loan Funds Approved	Average Loan Amount
Central	26	\$656,000	\$25,230
Hudson Valley	22	\$656,000	\$29,818
Long Island	79	\$2,538,514	\$32,133
New York City	79	\$2,771,118	\$35,077
Northeast	26	\$709,633	\$27,293
Southern Tier	61	\$1,555,446	\$25,499
Western	16	\$498,000	\$31,125
Statewide	309	\$9,384,711	\$30,371

Helping Homeowners Avoid Foreclosure Rescue Scams

In December 2014, Attorney General Schneiderman launched a new initiative to help New Yorkers identify mortgage rescue scams, which prey on homeowners who are in foreclosure or at risk of foreclosure. The most powerful defense against mortgage rescue scams is for homeowners to be informed and vigilant. That's why OAG launched **AGScamHelp.com**, a web-based app that puts facts in the hands of those who are at immediate risk of foreclosure – and at immediate risk of getting scammed.

AGScamHelp.com has several features. The app allows consumers to:

- **Search Companies:** Consumers can search the name of an individual or company to determine if that entity is government-vetted.
- **Locate Counseling Partners:** Consumers can use the app to locate their nearest HOPP provider.
- **Report Scams:** Consumers who have already been contacted by, or are in the process of working with a company suspected of operating a foreclosure rescue scam, can file a complaint with OAG.
- **Get Tips:** AGScamHelp.com offers details on how to recognize signs of a foreclosure rescue scam, including samples of scam letters and other materials utilized by fraudsters.



HELP WITH YOUR MORTGAGE IS A PHONE CALL AWAY

Free, professional advice is available through the Attorney General's Homeowner Protection Program (HOPP). Call today to connect with a qualified legal services or housing counseling professional.

 **1-855-HOME-456**

 **AGScamHelp.com**

MORTGAGE SCAM HELP
NYS ATTORNEY GENERAL

Did you know that since 2010, almost **3,000 New Yorkers** have been **victims of foreclosure rescue scams?**

HOPP: Looking Ahead

By many measures, HOPP continues to be a tremendous success, providing critical resources for tens of thousands of New York families and ensuring that New Yorkers in need have access to a variety of tools as they struggle to move past the foreclosure crisis.

Nevertheless, there is more work to be done. The crisis had a painful and enduring impact in New York, disrupting families and altering communities across the state.^{iv} HOPP remains an essential resource for many New Yorkers who are fighting to stay in their homes. That's why Attorney General Schneiderman has committed to expand HOPP for an additional two years, ensuring that this assistance will be available through September 2017. OAG has committed an additional \$40 million to HOPP and will issue a new Request for Applications for funding this year, bringing the total commitment to the program to \$100 million.

HOPP's success would not have been possible without the inspiring commitment of the hundreds of housing counselors, lawyers, and other professionals who compose the network. The hard work of these individuals cannot be fully captured 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 York families have a chance to stay in their homes.



HOPP Helped:

Azeez Smith

(Suffolk County, New York)

Azeez Smith, who lives in Suffolk County, Long Island, fell on hard times when his wife passed away from breast cancer — leaving him as the sole provider for his three children. When Smith suffered a temporary loss of employment, he fell behind on his mortgage payments and the bank moved to foreclose.

Mr. Smith found his way to the Economic Opportunity Counsel, a HOPP provider in Suffolk County. The group helped him apply for a NYS-MAP loan. The loan provided Smith with just over \$17,000, enough to settle the mortgage arrears and terminate his foreclosure proceedings. Mr. Smith is now gainfully employed and able to afford his mortgage payments.

References

ⁱ Smith, Joseph A, “Compliance in Progress: State Consumer Relief Information, New York, Program to Date.” *Office of Mortgage Settlement Oversight*, May, 2014. Available: <https://www.jasmithmonitoring.com/omso/wp-content/uploads/sites/4/2013/08/newyork2013.pdf>

ⁱⁱ Bocian, Debbie et al, “Lost Ground, 2011.” *Center For Responsible Lending*, November, 2011. Available: <http://www.responsiblelending.org/mortgage-lending/research-analysis/Lost-Ground-exec-summary.pdf>

ⁱⁱⁱ Rivera, Amaad et al, “Foreclosed: State of the Dream 2008.” *United for a Fair Economy*, January, 2008. Available: http://www.faireconomy.org/files/StateOfDream_01_16_08_Web.pdf

^{iv} Furman Center for Real Estate and Urban Policy. “Do Foreclosures Cause Crime?” *Furman Center for Real Estate and Urban Policy*, February 2013. Available: <http://furmancenter.org/files/publications/DoForeclosuresCauseCrime.pdf>