

State Senator Leroy Comrie  
State Senator Jose Peralta



City Council Member Daniel Garodnick  
City Council Member I. Daneek Miller  
City Council Member Donovan Richards  
City Council Member Ruben Wills  
City Council Member Laurie Cumbo  
City Council Member Andy King  
City Council Member Ritchie Torres

**Via U.S. and Electronic Mail**

September 8, 2016

Secretary Julián Castro  
U.S. Department of Housing and Urban Development  
451 7th Street S.W.  
Washington, DC 20410

Edward L. Golding  
Principal Deputy Assistant Secretary for Housing  
U.S. Department of Housing and Urban Development  
451 7th Street S.W.  
Washington, DC 20410

Re: Request to Suspend September 14th Note Sale's National Pools Auction

Dear Secretary Castro and Assistant Secretary Golding:

Congratulations on your recent success in working with our New York City partners by selling 24 foreclosed notes, allowing a more stable and affordable future for the people living in those homes.

We write today to ask you to suspend the Department of Housing and Urban Development ("HUD")'s September 14, 2016 sale of Federal Housing Administration ("FHA")-insured notes, unless the notes are being sold to non-profits and local governments for preferential purchase.

We are particularly concerned about the disparate impact that HUD's traditional Note Sale Program continues to have on African-American homeowners in working and middle class neighborhoods in New York City. Even though African Americans accounted for 35% of FHA

new loans in NYC between 2012 and 2014, these communities accounted for more than 61% of the note sales. During this same period, approximately 25% of all of HUD's New York City note sales impacted properties in Southeast Queens.

HUD has a statutory obligation to support and stabilize homeownership, but the Note Sale Program in its current form has had the effect of harming the very communities that the FHA program is intended to support. Unfortunately, we have found that many homeowners have not exhausted their loss mitigation remedies and may be in the middle of New York State's court-mandated settlement conference process when their notes are unexpectedly sold. Others, living in homes subject to HUD's Note Sale Program, have been eligible for FHA's various modification programs, but were denied access to them. The result of all of this is that predominantly African-American families do not receive the important anti-foreclosure protections that are enshrined in the FHA Mortgage Program and mandated through New York State law.

Unlike hedge funds and private equity purchasers, government entities and nonprofit organizations are in a position to fulfill HUD's mandate to preserve homeownership and affordable housing in our communities. We ask that the Neighborhood Stabilization Outcome Pools be made available for purchase to government and nonprofit entities at a competitive price so that homeownership and the stability of African-American communities in New York City are properly preserved.

To the extent that you proceed with your sale, we ask that homeowners be given notice *before* their notes are sold through HUD's Note Sale Program. This notice must also include an opportunity for these homeowners to be heard *before* the sale to ensure that those homeowners who are actively working to save their homes do not lose the benefit of their bargain.

Sincerely,



Leroy Comrie  
Senator, District 14


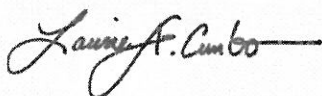


Jose Peralta  
Senator, District 13

Daniel Garodnick  
Council Member, District 4



Donovan Richards  
Council Member, District 31



¶ Daneek Miller  
Council Member, District 27




Ruben Wills  
Council Member, District 28



Laurie Cumbo  
Council Member, District 35

Andy King  
Council Member, District 12

A handwritten signature in cursive script that reads "Ritchie Torres". The signature is written in black ink and ends with a long, horizontal flourish.

Ritchie Torres  
Council Member, District 15

cc: Helen R. Kanovsky, General Counsel, U.S. Department of Housing and Urban Development

