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MFY’s Vigorous Advocacy Leads to New Law to Eliminate the Foreclosure “Shadow Docket”

Thousands of New York Homeowners Will Now Get Their Day in Court

NEW YORK, NY, August 1, 2013 – MFY Legal Services’ June 2011 report, *Justice Deceived*, raised the alarm about the state’s foreclosure “shadow docket.” The report documented how thousands of homeowners were denied the opportunity to negotiate a loan modification to save their homes because lenders’ attorneys failed to file documents to move their cases forward.

Now, after two years of advocacy by MFY and other legal services providers, Governor Cuomo signed legislation that ends the shadow docket in foreclosure cases by requiring lenders’ attorneys to certify the legitimacy of their cases when they first file foreclosure papers.

MFY Staff Attorney Elizabeth Lynch, who researched and wrote the original report, said: “The shadow docket meant homeowners were stuck in legal limbo while the lenders kept collecting fees and interest. The longer the case remained in the shadow docket, the more fees the lender collected. Meanwhile, the homeowner’s chances of securing an affordable loan modification plummeted.”

Justice Deceived and a follow-up report ten months later entitled *Justice Unsettled*, which showed that there had been little improvement in the situation, gave rise to a statewide advocacy effort to end the shadow docket and led to several court-based initiatives to move shadow docket cases to the settlement part. MFY worked closely with a wide array of organizations that comprise New Yorkers for Responsible Lending to press for new legislation.

“This law tears down one of the most insidious barriers to saving homes,” said Elise Brown, supervising attorney of MFY’s Foreclosure Prevention Project. “We’re thrilled that the Office of Court Administration drafted the legislation and the New York State Attorney General’s office sponsored it. With advocates, the courts and the Attorney General working together, thousands of New Yorkers will now have a fighting chance to save their homes from foreclosure.”

MFY Legal Services is a non-profit organization that provides free legal assistance in the areas of foreclosure, housing, public benefits, disability rights, consumer, employment, and kinship caregiver rights.