

# STATEWIDE CAMPAIGN TO SAVE THE FORECLOSURE PREVENTION SERVICES PROGRAM

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## **New York State's Continuing Foreclosure Crisis and Looming Loss of Homeowner Assistance for New Yorkers at Risk of Foreclosure Highlighted at Assembly Hearing**

**New York, NY, November 7, 2011** — Today the New York State Assembly held a hearing to examine New York's ongoing foreclosure crisis and its impact on communities, and to address the need for continued funding for foreclosure-prevention housing counseling and legal services. The incredibly cost-effective state program that provides those services will run out of funding at the end of this year. The State, like much of the rest of the country, remains embroiled in a foreclosure crisis that began as a result of predatory lending practices but has now ballooned with the economic crisis and massive loss of jobs in the State since 2009. As of March 2011, nearly 250,000 homeowners of owner-occupied 1-4 family homes were in foreclosure or serious delinquency. This foreclosure crisis has devastating effects on communities across the State-- abandoned homes and neighborhood blight create magnets for crime and severely depress nearby home values – affecting not just the homeowners and their tenants whose homes are lost to foreclosure, but communities as a whole, as local tax bases are degraded and municipalities are left with reduced revenues available to keep local government functioning.

In response to the crisis, New York funded a vital foreclosure prevention program in 2008, at the same time that it established a mandatory settlement conference process so that all homeowners in foreclosure would have an opportunity to negotiate a resolution with their lenders. The NYS Foreclosure Prevention Services Program forged a remarkably effective collaboration between legal services providers and housing counselors across the State providing direct foreclosure prevention assistance to distressed homeowners. As a result, New York has one of the best success rates in the country for achieving loan modifications that prevent foreclosure and preserving affordable housing.

Over four years, \$50 million was appropriated for housing counseling and legal services providers across the State to provide these crucial foreclosure prevention services. With this modest investment, to date, over 80,000 homeowners have been assisted and at least 14,000 homes have been saved from foreclosure. This translates to over \$3.4 billion in property value and tax bases preserved, and a return of \$68 for every dollar invested in the program—a dramatic savings in this time of austerity budgets. This funding expires on December 31, 2011, while best estimates suggest that we are, at most, about 1/3 through the foreclosure crisis. Without continued funding, many programs around the state will be forced to shut their doors, leaving homeowners to fend for themselves in a complicated and often overwhelming process. Without advocates, homeowners won't be able to preserve their rights in court or to obtain loan modifications from the banks that are foreclosing on them, home loss will increase dramatically, and the state's economy will decline further.

Albert Areizaga and his family have lived in his Brooklyn home for more than 15 years. Due to his wife's serious illness and his loss of employment, he fell behind in his mortgage payments. For years, Mr. Areizaga tried to obtain a loan modification but was repeatedly denied. On the eve of a foreclosure auction, he contacted South Brooklyn Legal Services for assistance. South Brooklyn advised him about how to stop the foreclosure sale, and ultimately helped him obtain a loan modification that saved his home from foreclosure. Said Albery Ariezaga at the conclusion of his testimony, "For years we lived in fear of losing our family home. Now we feel secure, and we love being part of our neighborhood and part of our community. We are so grateful for the help that South Brooklyn provided; I don't know where we would be without it."

"Without the legal representation and homeowner counseling made possible by NYS Foreclosure Prevention Services, thousands of homeowners in foreclosure will lose their homes," said Jennifer Ching, Project Director of Queens Legal Services. "Our programs work closely together to ensure homeowners aren't lost in the maze of complicated financial and legal issues and to protect our communities from the destabilizing effects of the foreclosure crisis."

"Navigating one's way through the complexities to obtain a mortgage modification or other resolution is impossible for many homeowners and requires the skills, tools, knowledge and doggedness of trained housing counselors," said Hilary Lamishaw, coordinator of the NeighborWorks Alliance of NYS, representing twenty-two NeighborWorks-affiliated housing counseling agencies across the state. "Many homeowners seek the assistance of housing counselors only after months of unsuccessfully trying to deal with their lenders or servicers directly. Additionally, by working with homeowners to determine their financial situation, housing counselors are able to help them find the best available option, which is key to resolving foreclosures."

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