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## New York State Legislature 2020 Joint Budget Hearing

### Housing

February 5, 2020

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## Introduction

Thank you for the opportunity to submit testimony for the Legislative Joint Budget Hearing on Housing. Empire Justice Center is a statewide legal services organization with offices in Albany, Rochester, Westchester, Yonkers and Central Islip on Long Island. Empire Justice provides support and training to legal services and other community-based organizations, undertakes policy research and analysis, and engages in legislative and administrative advocacy. We also represent low-income individuals, as well as classes of New Yorkers, in a wide range of poverty law areas including consumer law and mortgage foreclosure defense.

Empire Justice has been working on homeownership and predatory mortgage lending issues since the 1990's. We work on behalf of homeowners who are the proverbial David in the fight against Goliath, the big banks and mortgage servicers who own the majority of mortgage loans in this country. The odds are stacked against homeowners who stand very little chance of winning their battles without professional assistance. We also work on tax foreclosure, deed theft and foreclosure rescue scams, and neighborhood blight issues. This testimony focuses on the need for continued funding for New York's network of 87 housing counseling and legal services programs that have been keeping homeowners in their homes since 2008.

Prior to the creation of these services and the mandatory settlement conferences, over 90 percent of foreclosures ended in a default judgment against homeowners – meaning, virtually no homeowners but a few were saving their homes once they went into foreclosure.<sup>1</sup> **Since 2012, the network of 87 housing counseling and legal services programs have helped well approximately 115,000 families statewide and save homes in around 34 percent of those cases by loan modification. The percentage would be even higher if we were to factor in homes saved through reinstatement, litigation or other loss mitigation option.**<sup>2</sup>

Funding is running out for all programs on March 31, 2020. Without \$20 million in funding from the State for the Homeowner Protection Program (HOPP), we expect two-thirds of these services will stop being available to homeowners and communities immediately, and further cuts will come to services over this year. HOPP services are the only services in communities throughout New York State focused on helping homeowners in distress and there simply is no other dedicated funding source for these services. Without assistance, the rate of homes lost in foreclosure will likely climb back up to over 90 percent.

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<sup>1</sup> State of New York Unified Court System, 2011 Report of the Chief Administrator of the Courts Pursuant to Chapter 507 of the Laws of 2009, at 4 (stating "From November 2010 to September 2011, only ten percent of homeowner-defendants did not appear for any of their scheduled conferences, down from an estimated 90 percent prior to the legislation.").

<sup>2</sup> While preventing foreclosures and saving homes are the ultimate goals of housing counselors and legal services lawyers, the services they provide even when preserving the home is not an option are equally valuable. These services include helping folks to list their homes for sale to preserve their equity, or executing a deed in lieu of foreclosure, negotiating short sales, and helping families plan to transition from their home to alternative housing. Perhaps more significant than anything, is the attention, counseling and education that is provided to homeowners while they go through one of the most psychologically stressful times in their life, potentially losing their home. Even if the home is not saved, homeowners do not need to go through the ordeal alone and understand why they are losing it, and have an action plan for next steps.

## History of the Homeowner Protection Program (HOPP) and the Foreclosure Prevention Services Network

The Foreclosure Prevention Services Program was established in 2008 with an allocation of \$25 million in state general fund dollars to the Housing Trust Fund Corporation, within New York State Homes and Community Renewal (HCR). Funding provided competitive collaborative grants,<sup>3</sup> training and technical assistance to housing counseling and legal services programs to provide direct assistance to distressed homeowners. In 2009, New York directed \$21.825 million more in AARA funding (American Recovery and Reinvestment Act) to the program, which supported services through December 2011. HCR implemented an aggressive training program over this period, as well. Seventy trainings were conducted between 2009 and 2012 to teach legal services and private attorneys how to defend mortgage foreclosures (though the trainings resulted in few private lawyers representing homeowners full-time because of the nature and complexity of the cases). Housing counselors were trained primarily through NeighborWorks America's intensive in-person trainings on foreclosure prevention.

In early 2012, as the New York State Legislature was trying to find funding to continue the program, the National Mortgage Servicing Settlement was signed. New York State's Office of the Attorney General (OAG), in control of the settlement dollars, entered into an agreement with the Legislature and State to ensure continuity of services. The OAG gave HCR funding to continue the program through September 2012. The program then moved to the OAG, where the Attorney General created the Homeowner Protection Program (HOPP) with an initial commitment of \$60 million for three years (\$20 million per year). In 2015, with proceeds from another bank settlement, the OAG dedicated \$40 million more to continue HOPP for two years. Additional administrative dollars were allocated to provide for oversight of the grants, and ongoing training and technical assistance to HOPP grantees. The OAG was able to direct dollars from two other bank settlements to network partners which extended the program, as well.<sup>4</sup>

Last year, HOPP was extended with funding through a re-appropriation of funding allocated to a different program as part of the 2015 MOU, following the OAG settlement between J.P. Morgan Securities LLC and the people of the state of New York.<sup>5</sup> Up to \$20 million was to be available to the

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<sup>3</sup> In its first request for proposal process, HCR required housing counseling and legal services programs serving the same geographic area to submit a memorandum of understanding as a way of fostering relationships between these agencies. HCR promoted efficiency by encouraging housing counselors and lawyers to work symbiotically to help homeowners. These relationships have grown and continue today. HCR's foresight is one of the reasons why New York has the most effective network of partners in the country.

<sup>4</sup> The OAG is no longer in control of settlement dollars and is unable to direct any further funding to HOPP. Since 2015, monetary awards from settlements entered into by state agencies and departments go into the general fund to be appropriated by the Legislature and Governor, rather than remaining in the possession of the office. It is our understanding that the OAG has no further funding from old settlements to keep HOPP going.

<sup>5</sup> Aid to Localities – Reappropriations 2019-20, "8. Up to \$25,000,000 may be allocated and distributed for services and expenses of ~~(the restore New York's communities initiative pursuant to section 16-n of the New York state urban development corporation act; provided however, notwithstanding any law to the contrary, that such allocation and distribution is subject to the approval by the director of the budget of a plan for such program submitted by the administering department, agency, or public authority)~~ a homeowner protection program administered by the department of law. Within the amounts available hereunder and in conjunction with other remaining funds held by the attorney general consistent with the terms of the Settlement Agreement dated November 19, 2013 between J.P. Morgan Securities LLC (f/k/a "Bear, Stearns & Co. Inc."), JPMorgan Chase Bank, N.A., EMC Mortgage LLC (f/k/a "EMC Mortgage Corporation") and the people of the state of

OAG out of a \$25 million pot, and any remaining amounts to be made available beginning April 2, 2020. The Governor included similar re-appropriation language for the same pot of money in his Executive Budget.<sup>6</sup> It is our understanding that \$5 million may be remaining in that pot, though we do not know definitively. HOPP runs at \$20 million a year, though (not including administrative costs for oversight, training, and programming), which is actually a conservative number as the figure has not changed since HOPP started in 2012, despite the fact that cost of living and salaries have increased. Less than \$20 million would not ensure services continue to be available to homeowners in every county of the state which has been one of the basic tenants of HOPP and its predecessor program at HCR from the beginning. HOPP is now in its eighth year, scheduled to end March 31, 2020 if funding is not restored.

### **HOPP – Seeking \$20 Million in Funding to Continue Services**

Empire Justice Center was contracted by the OAG to oversee the grants made to housing counseling and legal services programs outside of New York City (58 of the 87 grantees).<sup>7</sup> One of the most critically important aspects of this network – particularly to me as an upstate advocate - is that we have ensured that there are both housing counseling and legal services available to homeowners in every county of the state. I cannot emphasize this enough because funding for these services is an access to justice issue, it is an issue of fairness, and it is a rural, small town and small city issue. According to a survey our network conducted in late fall of 2018 of all network partners, services would have decreased by two-thirds if funding was not provided in the 2019-20 budget. In the Central New York region (comprised of eleven counties: Broome, Chenango, Cortland, Hamilton, Herkimer, Jefferson, Lewis, Madison, Oneida, Oswego and Otsego) there would have been no services on the ground. Also very alarming - particularly because Long Island consistently has among the highest numbers of defaults and foreclosures and collectively has 25 percent of all default and foreclosure cases in New York State - Nassau and Suffolk counties would have seen an 87 percent reduction in services.

While the basic needs for housing counseling and legal services for individual homeowners in default and foreclosure have not changed, the foreclosure crisis has evolved, as has the industry and our economic landscape. Homeowners continue to need direct assistance to work with their lenders to get a loan modification or other workout. Federal programs, however, that once provided streamlined assistance to homeowners under the Obama administration have gone away and individual cases take longer to resolve. Default rates, as measured by the 90 day pre-foreclosure filing notice (NY RPAPL sec. 1304) filings with the NYS Department of Financial Services (DFS), were down by just 10 percent in 2019 from the prior year – and still an alarming estimated number of 226,839. Foreclosure filings were down by about the same amount.

HOPP agencies ensure that less than 10% of delinquencies result in a foreclosure filing across New York State. This low rate is directly attributable to the services provided particularly by the HOPP housing counseling agencies who provide early intervention and help thousands of homeowners every year avoid foreclosure. New York State mandates a notice be sent to homeowners by the mortgage services when they are delinquent referring the homeowner directly to housing counseling in their

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**New York, \$20,000,000 shall be made available through March 31, 2020; provided further that any remaining amounts shall be made available beginning April 1, 2020;**

<sup>6</sup> Executive Budget 2020-21 Aid to Localities at 637.

<sup>7</sup> Of the 58 organizations overseen by Empire Justice, 43 are housing counseling organizations and 15 are legal services. A regional breakdown is as follows: Central NY – 8 agencies, Hudson Valley – 10 agencies, Long Island – 14 agencies, Northeast – 11 agencies, Southern Tier – 8 agencies, Western NY – 7 agencies.

geographic region. Many clients come in to HOPP agencies as a result of this notice. If HOPP goes away, foreclosure rates will start to rise again.

HOPP partners also report an uptick in foreclosures of senior homeowners with reverse mortgages, as well as an increase in tax foreclosures. Deed theft and foreclosure rescue scams are also on the rise, as highlighted in recent media reports in New York City. If HOPP didn't exist, more desperate homeowners would turn to these "too good to be true but you want to believe" promises of folks offering to help them save their homes, and there will be very few if any services to turn to to seek redress. The bottom line is that intake numbers remain steady across the state and though we believe we assist a majority of homeowners in New York State, the need still exceeds available services. No one doing this work is sitting idle yet, unfortunately.

We have also seen the changing landscape of our communities as a result of the foreclosure crisis over the last decade, and a change – in part for the better, and in part for the worse – in the economies of families. The network providers are located in communities, they are on the ground working every day not just with homeowners but with neighbors living next to the many vacant and abandoned buildings left in the wake of the crisis. The solutions for homeowners and communities are complex and go deeper than just providing housing counselling and legal services to individual homeowners. HOPP is a comprehensive network fostering homeownership, working in conjunction with agencies such as HCR on homeownership initiatives, and is the watchdog identifying misconduct and bad actors for our state regulators.

### **The Cascading Impact on State Laws and Programs If HOPP Funding is Not Provided**

Since 2008, New York State has passed and implemented significant laws and programs to help homeowners, communities and neighborhoods impacted by foreclosures. The following laws *require by law or are predicated upon* services provided by the HOPP network of 87 housing counseling and legal services providers:

**1. 90 Day Pre-Foreclosure Filing Notices (RPAPL sec. 1304)** – lenders are required to send a prescribed notice to homeowners at least 90 days prior to filing a foreclosure complaint. This law was set to sunset but was made permanently applicable to all home loans by the 2019 budget legislation.

- The notice must attach a list of at least 5 non-profit housing counseling agencies serving the geographic region of the homeowner. NYS Department of Financial Services (DFS) has to maintain the statewide list of counseling agencies which is comprised almost entirely of HOPP agencies.

**2. Settlement Conferences (CPLR 3408)** – courts must hold a mandatory settlement conference to bring the homeowner and lender together for good faith negotiations in order to prevent avoidable foreclosures, if possible. The law specifically provides homeowners with an additional opportunity to answer foreclosure complaints within 30 days of the first settlement conference, and requires the courts to provide homeowners with information about local legal services programs that can assist them. This law was set to sunset but was made permanently applicable to all home loans by the 2019 budget legislation.

- HOPP agencies are integral to the settlement conference process, representing homeowners in the conferences, at which lenders are always represented by large law firms. HOPP agencies have become ingrained in courts' processes across the state providing informational sessions for homeowners, being present in courts on conference days for defendants who appear *pro se*,

and acting as the main referral source for courts. By law, the courts are required to advise homeowners at their first conference of their statutory right to answer the complaint, and many HOPP agencies staff clinics at “first-time-on” settlement conference calendars to intake cases, and assist homeowners in answering complaints on the spot.

**3. Consumer Protections For Reverse Mortgages (RPAPL sec. 1304.1-A, 1304.6(b)(2); CPLR 3408)** – In 2018, the Governor and Legislature extended the 90 day pre-foreclosure filing notice protections and the mandatory settlement conferences to seniors with reverse mortgage loans, and mandated a pre-foreclosure notice specifically designed for seniors confronting reverse mortgage foreclosures. This past session, the Legislature passed legislation providing additional consumer protections for seniors targeted for reverse mortgages (A05626/S04407) and legislation allowing for reverse loan originations for coops, which mandates similar pre-foreclosure notice and settlement conference protections (A02632/S03686).

- HOPP agencies have seen a steady increase of seniors needing reverse mortgage foreclosure assistance and who are particularly targeted by scammers. Availability of the HOPP network is the only means of ensuring that seniors with reverse mortgages are able to vindicate their rights under New York’s pioneering provisions governing reverse mortgages.

**4. New York Homeowner Bill of Rights (RPAPL sec. 1303.3-a)** – DFS is required by law to promulgate a Consumer Bill of Rights that courts must provide to foreclosure defendants at their first appearance.

- The Homeowner Bill of Rights has prescribed language that must state that free legal services are available and provide referral information to HOPP agencies, a provision which is bereft of meaning if the HOPP network is absent.

The following additional laws and programs *depend on* the services provided by the HOPP network:

**5. Deed Theft Scam Prevention** - NY has two laws designed to help homeowners avoid being scammed (the Distressed Property Consultant Law (RPL sec. 265-b) and the “Help for Homeowners in Foreclosure” Notice (RPAPL sec. 1303)), which were both substantially amended to provide better protection by legislation signed this year by the Governor (Chapter 167 of the Laws of NY 2019-20).

- With the Governor’s recent announcement concerning the need to amplify protections for vulnerable homeowners preyed upon by deed theft scammers, it bears noting that the distressed homeowners victimized by deed fraud are dependent on the HOPP network of legal services providers in order to secure redress.
- The HOPP network is the strongest way to prevent homeowners from turning to scammers. Homeowners are routinely referred to HOPP agencies by state agencies, elected officials and the courts. Without the network, homeowners will be even more vulnerable to scammers.
- The OAG, DFS, HCR and local law enforcement look to and depend upon information from HOPP agencies to bring enforcement actions against bad actors. Members of HOPP agencies have recently been asked by DFS to participate in a task force convened at the Governor’s direction to discuss additional action to address deed theft.

**6. DFS Business Conduct Rule for Servicing Mortgage Loans (Part 419 of Superintendent’s Regs)** – The rule sets forth standards of prescribed and prohibited behavior for mortgage servicing and provides guidance to courts on mortgage servicing conduct.

- HOPP agencies are the main enforcers of the regulations and routinely identify violations during the settlement conference negotiations.

**7. Homeowner Hotline (1-855-HOME-456)** – A statewide hotline for homeowners in default and foreclosure to call and have their delinquency or foreclosure case triaged.

- Homeowners are given a warm transfer to the HOPP agency serving their area.

**8. Zombie and Vacant Properties Remediation and Prevention for Municipalities (RPAPL sec. 1308)** – Municipalities across NYS received funding to enforce the Abandoned Property Neighborhood Relief Act of 2016, a/k/a “the zombie property law.”

- Municipalities subcontract with HOPP agencies and depend on the services provided to homeowners as an important component of neighborhood preservation efforts; HOPP agencies identify zombie properties and prevent vacancies.

**9. Tenants’ Rights to Notice and Holdover (RPAPL secs. 1303, 1305, 1307)** – Tenants in foreclosed properties must be given notice when foreclosures are filed, and are given the right to remain in the property for up to ninety days after a foreclosure sale of a building.

- HOPP agencies often are the source of information and counseling to tenants about their rights.

**10. Land Banks** – Created in NYS in 2012, there are now 25 land banks across the state.

- HOPP agencies work with land banks to identify properties, prepare individuals to become homebuyers, and assist in efforts addressing neighborhood blight.

### **The Economic Impact of HOPP - HOPP is Cost Effective**

Two months ago, Empire Justice updated its research evaluating the economic impact of foreclosures on New York State, and the cost-savings of the services provided through HOPP. The bottom line is, at \$20 million a year, HOPP is a good deal. Servicing an average of almost 16,000 families per year, the cost per family comes to under \$1,300. If you count just the homes saved from foreclosure, the cost is just \$5,000 per family, though the services we provide to families who cannot sustain homeownership are equally valuable, helping them understand the process, find alternative housing, preserve savings, avoid costs and perhaps more than anything, help folks to move from their home with dignity and understanding.

HOPP services save New York State over \$1.2 billion a year. Foreclosed homes cost New York State money in several calculable ways. Foreclosure depreciates the value of the foreclosed home, as well as an estimated 50 surrounding homes in non-rural areas.<sup>8</sup> Depreciated values impact tax revenue from homes sales, sales tax, as well as real property tax collections. Foreclosed homes, and especially homes vacated as the result of foreclosures, cost localities thousands of dollars every year in code enforcement, repairs, and emergency response calls. Just looking at the tax savings and additional property cost savings from foreclosed homes, every \$1 million invested in HOPP returns over \$5 million in savings to New York State. Here is a breakdown, based on county level property values and foreclosure rates:

<sup>8</sup> There is no available research data regarding the impact on neighboring properties in rural areas but the impact would be similar, we just can’t calculate it.

	2019 Projected Losses to NYS If HOPP Did Not Exist	2019 Savings Realized by NYS Because of HOPP Services
Impact on property values	\$4,385,207,338	\$1,096,301,834
Direct impact on foreclosed homes <sup>9</sup>	\$1,529,959,498	\$382,489,874
Indirect impact on surrounding homes <sup>10</sup>	\$2,855,247,840	\$713,811,960
Tax loss/savings <sup>11</sup>	\$26,749,765	\$4,772,430
Additional property costs/savings to localities <sup>12</sup>	\$409,997,780	\$102,499,445
<b>TOTAL LOSSES and SAVINGS TO NYS</b>	<b>\$4,821,954,883</b>	<b>\$1,203,573,709</b>

There are additional savings to New York State that are not as easily quantifiable. One savings is the cost of homelessness. While it is impossible to know how many families avoid becoming homeless because of our services, even if that number is less than 3 percent of the clients we serve, HOPP saves money (based on an average cost between housing a homeless family for a year inside and outside of NYC of \$64,000). A second savings is the increased impact and costs that courts would have statewide if our services did not exist. State law requires courts to hold a mandatory settlement conference in every residential home loan foreclosure case.<sup>13</sup> In 2018, there were 41,442 conferences.<sup>14</sup> HOPP agencies are integral to the settlement conferences, being present in courts to assist *pro se* borrowers and providing clinics at first appearances.

A third savings is the cost of deed theft and other scammers. As mentioned above, HOPP agencies are the best defense against deed theft and foreclosure rescue scams. If HOPP services go away, it is inevitable that scams will increase exponentially as desperate homeowners seek assistance.

<sup>9</sup> Direct impact to foreclosed homes was calculated using methodology cited in Alliance of California for Economic Empowerment and the California Reinvestment Coalition, *The Wall Street Wrecking Ball*, (Sept. 2011), and citing Anthony Pennington-Cross, Marquette University, *The Value of Foreclosed Property*, at <https://static1.squarespace.com/static/58d8a1bb3a041137d463d64f/t/5ca7a3c56e9a7f1e0d7f4f17/1554490313328/Wrecking+Ball+-+San+Jose+-+Sep+2011.pdf>, and methodology from the U.S. Joint Economic Committee Report (*Sheltering Neighborhoods from the Subprime Foreclosure Storm*). Our estimates used Mundi index median county home value, our estimated foreclosure numbers for 2019, and the decline estimate from the above report of 22%; the 22% decline estimate is based on the most conservative property value decline ranging from 22% to 28%.

<sup>10</sup> Indirect impact on neighboring home value decline was calculated using methodology from the U.S. Joint Economic Committee and Dan Immergluck, Georgia Institute of Technology and Geoff Smith, Woodstock Institute, *The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values*, (March 2010), using what is considered to be a conservative decline estimate in value of .9%. For counties considered to be non-rural counties we have adopted the assumption that approximately 50 nearby homes will be impacted, approximating the number of homes to be encompassed in a 1/8 to 1/4 mile radius in a typically concentrated neighborhood; we applied the .9% decline to 2019 foreclosure estimates. We do not attempt to estimate, and have not included, any projections for impact costs in the 44 counties in NYS recognized as rural counties (see end note 2).

<sup>11</sup> Alliance of California for Economic Empowerment at 3. Property tax losses estimated using lost home values (foreclosed and impacted homes as described above) and using an effective tax reduction rate of 0.61% taken from the U.S. Census and Tax Foundation.

<sup>12</sup> *Id* at 4. Cost per foreclosure of \$19,229 based on U.S. Joint Economic Committee report using estimates from Homeownership Preservation Foundation, *The Municipal Cost of Foreclosures: A Chicago Case Study*.

<sup>13</sup> NY CPLR 3408.

<sup>14</sup> State of NY Unified Court System, *2018 Report of the Chief Administrator of the Courts on the Status of Foreclosure Cases Pursuant to 507 of the Laws of 2019*, at 8.

Despite our strong consumer protections, scammers still exist and homeowners fall prey. HOPP agencies typically assist homeowners who have been scammed to get their home or money back, and serve as watchdogs on the ground, reporting offenders to enforcement agencies. Deed theft scams, which heavily target gentrifying NYC boroughs but exist elsewhere, cost homeowners hundreds of thousands of dollars in equity, equity that should be going towards generational wealth-building. Foreclosure rescue scams, prevalent across the state, rip off homeowners in the range of \$5,000 to \$8,000 a scam. While the direct costs hit victim families, the state incurs indirect costs as the result of law enforcement efforts, the loss of trickle-down economic effects from equity building, and the opportunity costs of losing generational wealth building in low-income communities and communities of color.

Finally, there are the societal costs of foreclosure. Instability in housing impacts a number of other factors including health, financial stability, emotional distress, childhood education and development, criminal activity, and support networks particularly for older homeowners, to list just a few.<sup>15</sup> These factors have ripple effects on New York's economy, particularly when families end up having to depend on state systems for support.

### **HOPP Needs a Permanent Funding Source**

HOPP has been running on leftover funding from settlements for the past several years now, which has been great but the uncertainty of a stable funding source causes incredible hardship and problems. HOPP contracts end the day before the budget is passed, which means the non-profit network partners don't know whether they will have money to pay staff come April 1<sup>st</sup>. HOPP partners were surveyed in the fall of 2019 regarding the impacts of the uncertainty on their programs.

The biggest impact is the reduction in services to homeowners. Foreclosure cases take months, if not years to resolve. Agencies can't start working with a new homeowner if they don't know if their doors will be open two months from now. Intake reduces or stops for many agencies starting in December or January, and agencies can't take on more complicated cases because of the uncertainty. Courts are also disrupted by the uncertainty and often frustrated by HOPP partners who aren't able to participate in the settlement conference parts as usual.

Then there are the impacts on the agencies themselves, including losing trained professional staff who won't have a job on April 1<sup>st</sup> if funding is not in the budget. The uncertainty puts an incredible financial strain on non-profits who hold off replacing personnel or otherwise can't plan ahead because of the uncertainty, and it certainly creates great stress and impacts the morale of staff who love their jobs and want to continue helping homeowners but feel pressure to seek other employment given the uncertainty of their employment come April.

While delinquency and foreclosure trends are decreasing, they are not decreasing by much and the numbers today are not far from those New York experienced during the subprime lending boom and subsequent crisis. Delinquency and foreclosures are the new economic norm. Middle class incomes have not kept up pace with rising costs, job are more insecure than they ever were, unexpected medical costs that can turn a family upside down happen more often than before. The fact is that a family today

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<sup>15</sup> See Kingsley, G. Thomas, Smith, Robin E., Price, David, The Urban Institute, *The Impact of Foreclosures on Families and Communities: A Primer* (July 2009), available at: <https://www.urban.org/sites/default/files/publication/30431/411910-The-Impacts-of-Foreclosures-on-Families-and-Communities-A-Primer.PDF>.

is more likely to have an unexpected event that could cause them to fall behind on their mortgage than a family twenty or thirty years ago. New York State must acknowledge that we are not returning to the days when foreclosures were rare. Our state has invested an incredible amount into the well-oiled HOPP network and its homeowner protections. HOPP has a proven track record and it is the number one reason why so many homeowners are able to remain in their homes even after they fall behind.

### **Conclusion**

Ten years ago, New York State started down its path to become the best in the nation for protecting homeowners in default and foreclosure. The first laws put in place were providing prescribed pre-foreclosure notices to homeowners and mandating settlement conferences for all residential home loans which immediately reduced the default rate in foreclosure cases from 90 percent to around 10 percent. Simultaneously, HCR started its funding for direct services to homeowners. Many laws and programs have been put in place to address new aspects of the problem – scammers, reverse mortgage defaults, vacant and abandoned homes, zombie properties and more.

With approximately 460 folks employed under HOPP statewide, we have the strongest network of housing counseling and legal services programs working together for homeowners in the country. Most importantly, we have helped well over 100,000 New York families remain in their homes or find a soft landing. It has been a dozen years building capacity, institutional knowledge, networks, and systems within local courts and communities. All of that investment will be lost if further funding is not provided.

Thank you once again for the opportunity to testify today and again, we urge you to provide \$20 million in funding to the Homeowner Protection Program (HOPP).

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