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**THE SENATE**  
**STATE OF NEW YORK**  
**ALBANY**

**MAJORITY SECRETARY**  
**CHAIR**

**CHILDREN & FAMILIES**

**COMMITTEES:**

**AGRICULTURE**

**CRIME VICTIMS, CRIME & CORRECTION**

**EDUCATION**

**FINANCE**

**HEALTH**

**December 09, 2019**

**Honorable Letitia James**  
**New York State Attorney General**  
**Office of the Attorney General**  
**The Capitol**  
**Albany, NY 12224-0341**

**Linda A. Lacewell**  
**Superintendent**  
**New York State Department of Financial Services**  
**1 Commerce Plaza**  
**Albany, NY 12257**

**Dear Attorney General James and Superintendent Lacewell,**

**I am contacting you on behalf of my constituents who live at 2178 Atlantic Avenue Housing Development Fund Corporation (HDFC) in Brooklyn. This HDFC is a 16-unit rent stabilized building with three generations of shareholders currently residing there. I am extremely concerned that an improper foreclosure and deed transfer has occurred on this building.**

**The shareholders of 2178 Atlantic Avenue HDFC have been battling a foreclosure case for over 3 years, which stemmed from them wrongly being assessed full property taxes since 2001. They worked with Urban Homesteading Assistance Board (UHAB) and their City Council member to reapply for their tax exemption in 2013.**

**In 2016, the City Council approved a retroactive tax exemption, effective from July 1, 2005 to June 30, 2016. This would have provided \$332,000 in tax refunds for the HDFC to pay off a significant portion of their loan. However, the New York City Housing Preservation and Development (HPD) agency would not move forward in issuing these refunds until the foreclosure action was resolved. This decision created a catch-22 by requiring shareholders to resolve the foreclosure action in order to access the very funds that would allow them to do so. In June 2016, Judge David B. Vaughan granted a final judgement of foreclosure and sale.**

Attorney General James & Superintendent Lacewell

Re: 2178 Atlantic Avenue HDFC

The shareholders attempted to meet HPD's requirement to resolve the foreclosure by working with nonprofits such as Habitat for Humanity. **However, since 2016 the pay-off amount to satisfy the foreclosure judgement has ballooned from around \$315,000 in June 2016 to an alarming \$992,000 in October 2019.** This has made it impossible for Habitat to find a partner lender.

**In August 2019, their deed was transferred to 2178 Atlantic Realty LLC even though it was during a court ordered redemption period. In October 2019, this LLC took out a new mortgage on the property for \$1.5 million.**

The combined actions of HPD and the mortgage servicers over several years have made it impossible for the shareholders of 2178 Atlantic Avenue HDFC to reclaim their building despite their best efforts to work with HPD, elected representatives and local nonprofits. I am also extremely concerned that their mortgage servicer has taken improper actions to hinder the HDFC's ability to obtain a loan and resolve the foreclosure.

The shareholders at 2178 Atlantic Avenue HDFC have made every effort fulfill their obligations at every step of the process. **I am deeply troubled by these developments and respectfully request a full investigation into this matter to ensure that the rights of these shareholders have not been violated.**

Thank you for your consideration and prompt attention to this matter.

Sincerely,



State Senator Velmanette Montgomery  
25<sup>th</sup> Senate District

Cc: Brooklyn District Attorney Eric Gonzalez  
Councilmember Alicka Ampry-Samuel  
Councilmember Robert E. Cornegy Jr.