

## **Joint Hearing on the Crisis Facing Brooklyn Homeowners**

### **Testimony From Neighbors Helping Neighbors, An Affiliate of Fifth Avenue Committee March 15, 2019**

My name is Robert McCool and I am the Director of Homeownership Programs for Neighbors Helping Neighbors, which is an affiliate of the Fifth Avenue Committee.

We would like to thank the Brooklyn Borough President, Eric Adams; Senator Velmanette Montgomery; and Assemblymember Tremaine Wright for this hearing and for the invitation to participate.

Neighbors Helping Neighbors has provided foreclosure counseling since 2007. There are three issues that I would like to discuss today.

The first is the importance of continuing to fund foreclosure prevention counseling and legal services. There is an ongoing need for these services, and Neighbors Helping Neighbors still helps over 100 homeowners in financial distress from throughout Brooklyn and New York City every year. As the Attorney General's HOPP funding expires this year, we will have to dramatically scale back our services. We will also lose support from an extremely valuable network of non-profit legal services partners. Low-and-moderate-income homeowners will be left to fend for themselves and will be susceptible to predatory attorneys and foreclosure rescue scams. It is critical that HOPP funding is replaced.

The second issue is to highlight how critically helpful the New York Mortgage Assistance Program (or MAP) run by the Center for NYC Neighborhoods has been, and to express dire need for renewed funding now that the program is closed. MAP has been the most helpful, reliable, and flexible source of mortgage rescue funds. It allows homeowners to reinstate their loans, pay off municipal tax and water liens, and eliminate unaffordable home equity loans. It can also be used in other creative ways. The exhaustion of MAP funds leaves us without a very critical tool for helping homeowners.

The third issue is a common trend that we are seeing among struggling homeowners, whose cases often share similar characteristics:

1. These homeowners defaulted years ago and never managed to successfully navigate a modification or resolution to their foreclosure. Many were misled by their mortgage servicers, and through a combination of confusion and/or poor communication and negligence on the part of their servicer, these homeowners were never capable of negotiating a workout;
2. Many also paid for ineffective or deceptive for-profit foreclosure rescue services rather than finding non-profit counseling and legal help. This was another financial drain, but also led to

more delays and contributed to massive mortgage interest arrears accruing. Given the combined size of the mortgage and arrears, these loans are now even harder to modify;

3. Many of these mortgages are now being sold to private investment firms, many of whom seem to have very inflexible and unaffordable modification guidelines.

It would be helpful to monitor more clearly which lenders are selling these older delinquent loans and which investors are buying them, and to review more closely these investors' track record of providing loan modifications and workouts. Many homeowners caught in this situation may have the ability to afford a modified payment. Given the delays, run-around, and deception that they have been exposed to, these homeowners should be strong candidates for principal reduction or other dynamic interventions to help them keep their homes.

Thank you for your time and for the opportunity to testify today.