

CITY COUNCIL  
CITY OF NEW YORK

-----X

TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONSUMER AFFAIRS

-----X

June 18, 2009  
Start: 3:15pm  
Recess: 5:39pm

HELD AT: Council Chambers  
City Hall

B E F O R E:  
LEROY G. COMRIE. JR.  
Chairperson

COUNCIL MEMBERS:  
James F. Gennaro  
John C. Liu

## A P P E A R A N C E S (CONTINUED)

Amy Armstrong  
Communications and Policy Director  
Furman Center for Real Estate and Urban Policy

Josiah Madar  
Research Fellow  
Furman Center for Real Estate and Urban Policy

Michael Hickey  
Executive Director  
Center for New York City Neighborhoods

Greg Maldonado  
Representative  
CWE

Tracy (unknown last name)  
Individual  
Experienced foreclosure

Benjamin Dulchin  
Executive Director  
Association for Neighborhood and Housing Development

Seema Agnani  
Executive Director  
Chhaya CDC

April Newbauer  
Attorney-in-Charge, Civil Practice in Queens County  
Legal Aid Society

Adam Cohen  
Staff Attorney, Foreclosure Prevention Project  
MFY Legal Services, Inc.

## A P P E A R A N C E S (CONTINUED)

Sara Grief  
Individual  
Experienced foreclosure

Unknown Male Voice  
Individual  
Experienced foreclosure

Duane Jones  
Director of Lending  
Parodneck Foundation

Martha Keyes  
Broker and Owner  
Supreme Choice - - Realty

1

[background noise]

2

MALE VOICE: Quiet, please.

3

[background noise]

4

FEMALE VOICE: Has everyone who's  
planning on testifying filled out a piece of  
paper?

5

6

7

CHAIRPERSON COMRIE: Is anyone here  
representing the Center for New York City - - ?

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Hm. Okay. Right. Good afternoon, everyone, I  
want to thank you for being here. We're just  
trying to get us a couple of technical things  
done. I want to thank you college, Mike Hess and  
his staff. Do we need the lights? We're not  
taping. Do you guys really--? Okay. Well. I'm  
[pause] My name is Leroy Comrie, I chair the  
Council's Committee on Consumer Affairs. I want  
to thank all of you for coming today. Again, I  
want to thank you, college, for generously  
allowing us to use their facilities for our  
hearing. Today, we'll be discussing the current  
state of the foreclosure crisis in New York City,  
and hear from those who are on the front lines  
battling to protect and preserve the rights of  
those facing foreclosure. As many of you know, we

1 normally hold our hearings at City Hall, but given  
2 the topic, however, I had requested to hold this  
3 hearing in my own Council District, of which  
4 southeast Queens has been hit hardest by this  
5 foreclosure crisis. Last year there were nearly  
6 13,000 foreclosure actions initiated in New York  
7 City, and more than 3,500 buildings were  
8 foreclosed upon. Of these actions, 5,500 were  
9 filed in Queens County, the highest number of any  
10 borough, and the second highest number by County  
11 in the State of New York. Nearly 60 percent of  
12 the City's overall foreclosures occurred in  
13 Queens. The number of foreclosure filings in this  
14 borough has tripled since 2005. What's  
15 particularly troubling is the extent to which  
16 communities of color are susceptible to  
17 foreclosures. As has been reported, many banks  
18 historically redline neighborhoods with large  
19 minority communities, and refuse to lend to  
20 residents. However, in recent years, many banks  
21 have marketed subprime loans directly to these  
22 same neighborhoods. As a result, black middle  
23 class households in New York are five times more  
24 likely to hold a subprime or high cost mortgage as  
25

1  
2 whites with a similar income. Since subprime  
3 mortgage holders generally use a higher ratio of  
4 their income to pay their mortgage, or have less  
5 income to spend on housing, loan defaults occur  
6 three times as often in minority census areas as  
7 in mostly white census areas. Consequently, 85  
8 percent of the neighborhoods where the default  
9 rate is at least twice the regional average, have  
10 a majority of black and Latino homeowners:

11 Jamaica, Hollis, St. Albany, Woodhaven, Richmond  
12 Hill, Ozone Park, Laurelton, the Rockaways, all  
13 neighborhoods primarily made up of communities of  
14 color, are consistently among the neighborhoods in  
15 New York City, both to new foreclosure actions and  
16 in foreclosure auctions. The Mayor's office and  
17 the City Council have been working together to  
18 address this issue at a local level. Back in  
19 2005, Council Member Lew Fidler and myself pushed  
20 to make sure that we had the first opportunity to  
21 deliver programming to not-for-profits that were  
22 working in the foreclosure crisis, and work with  
23 NHS and other local providers to start foreclosure  
24 relief programs. In December 2007, the Mayor and  
25 Speaker Quinn created the Center for New York City

1  
2 Neighborhoods, in order to provide New York City  
3 residents with legal, technical and financial  
4 assistance in fighting the threat of foreclosures,  
5 which combined our original program that the City  
6 Council started in 2005, with HPD, with NHS, and  
7 with the Building Department and other City  
8 entities, which would help expand the  
9 opportunities for people that were dealing with  
10 foreclosure. So far the Center has distributed  
11 grants to more than 30 nonprofit service providers  
12 to help homeowners at the risk of foreclosure, and  
13 has provided foreclosure prevention services to  
14 thousands of City residents. Today, homeowners  
15 can call 311 to reach the Center's call center,  
16 which will take interviews and connect homeowners  
17 to free expert counseling services in their  
18 neighborhood. Another program, the Office of  
19 Financial Empowerment, works to help low income  
20 families build assets, and make the most of their  
21 financial resources. The Office of Financial  
22 Empowerment is the first local initiative in the  
23 nation aimed expressly, expressively, I'm getting  
24 that wrong, at educating, empowering, and  
25 protecting those with low incomes, or help be

1  
2 partners with many different financial  
3 institutions and nonprofits to implement public  
4 awareness campaigns on ways to protect and manage  
5 money, enforce protections against unfair and  
6 predatory practices, and implement and evaluate  
7 innovative practices to help New Yorkers build  
8 assets and achieve lifelong financial wellbeing.  
9 We've just opened up an Office of Financial  
10 Empowerment in Jamaica, Queens, right at 87-20  
11 Merritt Boulevard, partnered with Catholic  
12 Charities, which just opened last week, which is  
13 the first one in Queens. At today's hearing,  
14 we'll also be discussing Resolution 1832-A by  
15 Council Member Nelson from Brooklyn, which calls  
16 upon the United States Congress to protect  
17 homeowners from the national foreclosure crisis,  
18 by amending the U.S. Bankruptcy Code to expand the  
19 availability of automatic stay. Current federal  
20 bankruptcy law provides filers with an automatic  
21 stay from predators' claims, including a stay on  
22 all foreclosure actions, during the pendency of  
23 their case. Since 2005, however, filers are  
24 required to obtain counseling prior to filing  
25 their claim, or risk having their case dismissed



1  
2 with cause, which would jeopardize their chance of  
3 obtaining and automatic stay when refilling within  
4 a year of the first filing. This Resolution calls  
5 on Congress to amend the bankruptcy code to ensure  
6 the protections afforded by the automatic stay  
7 available to those most in need. I'm going to  
8 conclude my - - remarks here, I want to thank my  
9 staff, Lacey Clarke is the Counsel for my Consumer  
10 Affairs Committee, Damien Butvick is our Analyst  
11 for my Committee. My chief of staff here is Cindy  
12 Rashuf [phonetic] who, not - - Rashuf, that's  
13 Eddie, where did you disappear to? He's in the  
14 back, Ras likes to disappear on people, and on me  
15 especially. I was to thank, I have, I want to  
16 thank my staff for arranging and working with your  
17 college today. Have two interns here, Rich and  
18 Scheherazade, that are working with me in my  
19 Manhattan office and in my district office, and of  
20 course I want to thank all of the people and  
21 advocates that are here, and the people that are  
22 in the field. We were supposed to be joined by  
23 the Center of New York City Neighborhoods, who  
24 were going to give the first testimony, but since  
25 they are probably stuck on the BQE or the LIE or

1

2

somewhere, we're just going to move forward.

3

Council Member Liu and Gennaro are on their way.

4

I expect that they will be joining us shortly.

5

Council Member Barron had a death in the family

6

and had to attend the funeral. And Councilman

7

Koppell is stuck in The Bronx at an emergency.

8

So, fortunately, I have a small committee, so we

9

can be very flexible. There's just the five of us

10

on the Consumer Affairs Committee, but we get to

11

do a lot of things. So with that, I want to

12

confer with my counsel and then we'll have the

13

first set of advocates come up and give testimony,

14

while we wait for the Center for New York City

15

Neighborhoods. [background noise] [off mic

16

comments] Just come right to the table and - - and

17

- - from the - - Center. - - Alright, identify

18

yourself - -

19

AMY ARMSTRONG: Sure. Thank you,

20

Chairman Comrie for holding the hearing.

21

CHAIRPERSON COMRIE: My pleasure, -

22

-

23

AMY ARMSTRONG: Let's see. Did

24

that do something? Alright. Great. My name's

25

Amy Armstrong, I'm the Communications and Policy

1  
2 Director at the Furman Center for Real Estate and  
3 Urban Policy. I'm joined by Josiah Madar who's a  
4 Research Fellow at the Furman Center. We are  
5 delighted to be here to help share some of our  
6 research on foreclosure trends in New York, and  
7 more importantly thought it would be useful to  
8 share some initial work we've done looking at a  
9 new federal program that's going to help stabilize  
10 New York City neighborhoods.

11 CHAIRPERSON COMRIE: If you could  
12 talk into the mic so that everybody can hear you  
13 better.

14 AMY ARMSTRONG: Sorry.

15 CHAIRPERSON COMRIE: - - just a  
16 little light.

17 AMY ARMSTRONG: A little light. Is  
18 that better.

19 CHAIRPERSON COMRIE: Oh, yes,  
20 that's better. Thanks.

21 AMY ARMSTRONG: Okay. I want to  
22 start by applauding the Committee for holding the  
23 hearing in Southeast Queens. Our research as you  
24 all know, has shown that Southeast Queens is one  
25 of the epicenters of the New York City foreclosure

1 crisis, and it's important to have the  
2 conversation here, so thank you for doing that.  
3 Just briefly an overview, foreclosure activity in  
4 New York City was relatively stable and relatively  
5 low in the early years of this decade, even as the  
6 Housing markets in other parts of the country were  
7 starting to unravel. But in 2006, as the subprime  
8 mortgage crisis began to unfold in the City, we  
9 saw a sharp increase in foreclosures reaching up  
10 to 15,000 foreclosure filings in 2007 and 2008.  
11 In the first quarter of 2009, we've seen 3,800  
12 foreclosure filings, and if we keep at this pace,  
13 we'll pass 15,000 foreclosure filings in 2009. As  
14 Chairman Comrie pointed to in his remarks already,  
15 foreclosures in New York are highly concentrated  
16 in Brooklyn and Queens specifically. In 2008, 76  
17 percent of the City's foreclosure filings took  
18 place in these two boroughs. And within these  
19 boroughs there's significant concentration of  
20 foreclosures, as well. If you take Jamaica and  
21 Queens Village, for example, those two community  
22 districts collectively make up about half of the  
23 foreclosure filings for the entire borough, even  
24 though they make up only 60 percent of the  
25

1  
2 borough's housing units. Brooklyn, you see the  
3 same trend. The community district of East New  
4 York saw two-and-a-half times the number of  
5 foreclosure filings as the entire borough of  
6 Manhattan. So what has the federal government  
7 done to help communities like our stabilize  
8 neighborhoods? Last summer, Congress appropriated  
9 \$3.9 billion to fund a neighborhood stabilization  
10 program, known as NSP, to support the  
11 acquisitions, renovation and disposition of  
12 abandoned and foreclosed properties. The funding  
13 was allocated on a strict formula basis, to  
14 neighborhoods that were seen as being in danger of  
15 foreclosure based on loan activity. New York City  
16 was allocated \$24 million to date, and another \$9  
17 million originally allocated to the State, has  
18 been given to support New York City's efforts.  
19 Just this February, federal government enacted a  
20 new round of neighborhood stabilization funding,  
21 again aimed at mitigating the neighborhood impacts  
22 of the foreclosure crisis. Dubbed NSP2, the new  
23 program will allocate another \$2 billion, but this  
24 time the money is going to be allocated based on a  
25 competition rather than a formula, and in addition

1  
2 nonprofits, in addition to cities and states, are  
3 eligible to apply for the funding. The  
4 application is due July 17<sup>th</sup>. So we thought it  
5 would be useful to share some of what we know  
6 about which communities in New York are eligible  
7 for funding and what that means. In order to be  
8 eligible for funding, HUD developed a formula to  
9 assess a census track's risk of foreclosure and  
10 destabilization based on two scores, a foreclosure  
11 risk score and a vacancy score. In Appendix A of  
12 the written testimony that you have, there's a map  
13 that shows where in this City the tracks are that  
14 are eligible for funding. Citywide, twelve  
15 percent of our tracks are eligible for funding;  
16 that compares nationally to about 29 percent of  
17 the nation's tracks are eligible for funding. So  
18 as I said, it's very, very concentrated in New  
19 York. The eligible tracks are almost exclusively  
20 located in Queens and Brooklyn, as we would  
21 expect, and about 15 of the City's community  
22 districts have more than one at-risk track. But  
23 the saturation really varies. Again, if you look  
24 at Jamaica, where we are, a full 77 percent of the  
25 census tracks in this community district are

1  
2 eligible for funding. When you look at the  
3 characteristics of the eligible tracks cross the  
4 City, one thing stands out, and again as Chairman  
5 Comrie pointed out in his opening remarks, the at-  
6 risk neighborhoods are overwhelmingly  
7 neighborhoods of color, specifically 88 percent of  
8 the eligible tracks, in 88 percent of the eligible  
9 tracks, more than 90 percent of residents are non-  
10 white. That bears repeating. The neighborhoods  
11 that are at-risk and are eligible for funding  
12 thank goodness are now all exclusively  
13 neighborhoods of color. To help these  
14 neighborhoods stabilize, city and nonprofits  
15 considering applying for funding, I think, you  
16 know, we think should consider some of the  
17 challenges and opportunities that the  
18 neighborhoods face. In one of the other  
19 appendices we've put together some measures of  
20 quality of life and market demand for those  
21 community districts, including access to parks,  
22 subways, crime rates, performance of local  
23 schools, poverty rates, building activity and  
24 price trends. Because while the, each of these  
25 areas shows certain demographic similarities, when

1  
2 you look at these other neighborhood  
3 characteristics, there's actually a great deal of  
4 variation, and I'll highlight just so you see  
5 these, to illustrate that point. If you take  
6 Queens Village as an example, actually it's very,  
7 very low rates of poverty and crime, relative to  
8 the city; the schools are performing above the  
9 City average; but the neighborhood is relatively  
10 isolated from public transportation. By  
11 comparison, Bushwick in Brooklyn another city that  
12 has a number of eligible tracks, you know, is  
13 suffering from high poverty and crime; its schools  
14 are underperforming, but there are a number of  
15 assets to the neighborhood, such as good access to  
16 parks and transportation. So, as the City and  
17 nonprofits develop their plans and proposals to  
18 submit for this funding, Furman Center is really  
19 happy to be a resource to help these groups think  
20 through data around what their neighborhood  
21 opportunities and challenges may be, and hope that  
22 the plans that are developed are able to stabilize  
23 these neighborhoods that have been hard hit. So,  
24 thank you for having us, and we're happy to answer  
25 any questions.



2 CHAIRPERSON COMRIE: [off mic] Are  
3 you testifying before this Committee?

4 JOSIAH MADAR: No, I'm not.

5 CHAIRPERSON COMRIE: [off mic]  
6 Thank you for coming in this afternoon. - - are  
7 you going to apply as a permanent - - all the  
8 nonprofits and - - put in your application?

9 AMY ARMSTRONG: The latter. And  
10 you know, we've helped share some of these maps  
11 and data with HPD as they develop their proposal,  
12 and we're not a service provider, we're just a, we  
13 help pull the data together and help people think  
14 through.

15 CHAIRPERSON COMRIE: [off mic] - -  
16 talk to HPD about their proposals? - - put in a  
17 general application for - -

18 AMY ARMSTRONG: I believe the City  
19 is putting together a proposal, yes, and we've  
20 shared with them some of the maps that are in this  
21 testimony.

22 CHAIRPERSON COMRIE: Okay. So you  
23 will be able to give technical - - nonprofits - -

24 AMY ARMSTRONG: Absolutely.

25 CHAIRPERSON COMRIE: - -

1  
2 AMY ARMSTRONG: We've met with  
3 Restore Homes. Who else with?

4 JOSIAH MADAR: I don't know who  
5 else who's met with who's putting together an NSP2  
6 proposal. And we didn't participate in--we  
7 provide data to HPD, but we didn't participate  
8 specifically in their formulation of their  
9 application. Rather, just as they need data, and  
10 as anyone else needs data, we're happy to pull it  
11 together and support it for that location.

12 CHAIRPERSON COMRIE: [off mic] Are  
13 there NSP - - directly to the nonprofits - -  
14 nonprofits - - on the - -

15 AMY ARMSTRONG: I believe that  
16 different groups can come together on a single  
17 application, so if different community groups  
18 wanted to join together to do an application or  
19 partner with HPD, they'd be able to do that. And  
20 hopefully by being here we can connect with any  
21 groups that are here about - - .

22 CHAIRPERSON COMRIE: [off mic] - -  
23 in order to - - have you worked with - - or Urban  
24 Justice or - - or the - -

25 AMY ARMSTRONG: We provide a lot of

1  
2 data to those groups and others. Again, it's sort  
3 of an as-they-need basis.

4 CHAIRPERSON COMRIE: And have you  
5 had a chance to look at the - - ?

6 AMY ARMSTRONG: The--

7 CHAIRPERSON COMRIE: - - and have  
8 you been able to make an impression on the - -  
9 people have asked - - NSP1 - -

10 AMY ARMSTRONG: Josiah has worked  
11 more with Restore Homes as they've started to  
12 apply the first NSP - - , so I'll--

13 JOSIAH MADAR: The money for the,  
14 for NSP1 only started with it becoming available  
15 this spring. So it's very early to know what  
16 impact it's having. The allocations were  
17 announced in December. And the NSP1 plan that HPD  
18 put forward working with this group, Restore  
19 Homes, generally involves acquiring properties,  
20 foreclosed properties, from banks, and restoring  
21 them and rehabilitating them, and then introducing  
22 them back into the market as a portable housing,  
23 or for sale housing. But it's at this point too  
24 early to tell what kind of effect.

25 CHAIRPERSON COMRIE: [off mic] - -

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

do you see that the - - or the - - all around - -

AMY ARMSTRONG: I mean, it's something that we've, we've spoken with a number of groups about, and it's one of the most insidious outcomes of this crisis. Unfortunately, there's--We've been trying to figure out a way to better track what's going on, and it's something that is hard to identify before it's happened. But we're working with, you know, we talked with NHS, and -- Services and others to try and figure out if there's a way to get a better handle on the problem before it happens.

CHAIRPERSON COMRIE: [off mic]

Okay. And you talked about the - - similarity - - same background as far as there are those who - - homeowners and first time buyers - -

AMY ARMSTRONG: I think it is, to some extent, actually, I'm sorry, we didn't put median income in that last table. There are great variations among the incomes of the affected communities. But I think your observation that a lot of first time homebuyers are being targeted and--is probably accurate.

CHAIRPERSON COMRIE: [off mic] - -

1

2 did you apply for the - -

3 AMY ARMSTRONG: Sure.

4 CHAIRPERSON COMRIE: [off mic]

5 Okay, well, and thank you for - -

6 AMY ARMSTRONG: Great, thank you.

7 JOSIAH MADAR: Thank you.

8 CHAIRPERSON COMRIE: [off mic] - -

9 [on mic] Michael Hickey is the Executive Director  
10 for the Center for New York Neighborhoods, which  
11 is the umbrella program for, that has been  
12 established by the Mayor and City Council to work  
13 on the foreclosing issues and all of the issues  
14 regarding the crisis that we're in. Thank you for  
15 being here to - - I'll turn over the mic to you,  
16 for your presentation.

17 MICHAEL HICKEY: [off mic] Thank  
18 you so much. - - I also wanted to - - [on mic]  
19 the Furman Center, all of them working very  
20 closely with us to monitor what's happening in  
21 communities, and design interventions that are  
22 really suitable for, particularly homeowners, who  
23 are at risk of losing their homes. If you don't,  
24 I'll read through my testimony. So  
25 acknowledgement to you, Chairman Comrie, and the

1  
 2 members of the Consumer Affairs Committee, with  
 3 the support to the City Council and the Mayor and  
 4 the Speaker, the Center actually began its  
 5 operations about a year ago, providing for - -

6 CHAIRPERSON COMRIE: [off mic] - -

7 MICHAEL HICKEY: Oh, sure. --Began  
 8 our work about a year ago, providing foreclosure  
 9 prevention services in the five boroughs. The  
 10 situation in Southeast Queens, I don't need to  
 11 tell you, is dire. Over the past year, 13,000  
 12 notices threatening foreclosures were filed in New  
 13 York City. Most of these are concentrated in  
 14 Queens neighborhoods, with the communities being  
 15 most affected noted below. And unfortunately, my  
 16 testimony includes some charts that I think it's  
 17 good illustrative statistics, but they're  
 18 difficult to share with the audience. But just on  
 19 the chart here, just under 3,500 of those 13,000  
 20 are actually located in Jamaica, South Jamaica,  
 21 Hollis and St. Albans. Since extending its first  
 22 contracts last July, CNYCN has provided services  
 23 to over 3,200 homeowners, 40 percent of which are  
 24 located in Queens, and 30 percent are from  
 25 Southeast Queens in particular. We collect

1  
2 detailed information on every consumer supported  
3 by one of our nonprofit partners to ensure  
4 transparency and accountability. Some of the  
5 members in the audience right can tell you how  
6 much they enjoy that process, and to help us track  
7 trends and tell the story of the foreclosure  
8 crisis. Citywide to date, 2,200 clients have  
9 received budget and financial planning services,  
10 which is the first step in helping someone assess  
11 their situation in terms of their - - distress.  
12 825 loan modifications have been submitted, 165  
13 modification proposals have been returned. 351  
14 clients received advice and counsel from legal  
15 service providers and twelve, so far, have been -  
16 - reportedly foreclosed upon. While we're pleased  
17 with these initial outcomes, there are two  
18 disturbing trends that deeply impact our ability  
19 to be effective. The larger economic crisis, and  
20 the tremendous bottleneck within the loss  
21 mitigation units of the banks themselves. New  
22 York City is not immune to the general economic  
23 turndown, I'm sure you know quite well. The  
24 Center began its work a year ago, and we were all  
25 acting under the assumption the majority of the

1  
2 homeowners in distress that we would see would be  
3 those who had aggressively priced subprime  
4 mortgages. The primary issue facing our consumers  
5 now is not a payment adjustment, however, but  
6 simple loss of income. As you will see from the  
7 chart below, loss of income beats all other  
8 categories combined. And again, this chart  
9 indicates about 1,000 of the initial cases that we  
10 see in people report loss of income as the primary  
11 issue; whereas payment adjustments, the next issue  
12 you see is just under 200 of those. Problems  
13 affecting all homeowners, including those with  
14 more conventional mortgages, again, the next chart  
15 shows about 40 percent of the people seeking  
16 services with CNYCN are actually in fixed rate  
17 loans for under eight percent, so we assume those  
18 are prime borrowers. These are also, you know,  
19 they're working people who are either no longer  
20 working or working a lot less, and therefore have  
21 less funds available to maintain the fixed costs  
22 of their home. Earlier in my testimony, I noted  
23 that the Center's network has received over 885  
24 loan modification requests. Over the past nine  
25 months, a meager 50 percent of those have been



1 returned with modification offers. On average,  
2 homeowners that receive modifications lowered  
3 their monthly mortgage payments by about \$1,000, a  
4 substantial benefit and a powerful indicator that  
5 these efforts are worthwhile. While we're deeply  
6 troubled by the enormous time and effort that goes  
7 into achieving this handful of results, reports of  
8 modifications lying in limbo for up to six months  
9 are not uncommon, and our housing counselors  
10 routinely report that three months is typical.  
11 Over this time, there have been numerous phone--in  
12 order to achieve this, a housing counselor, legal  
13 service provider, just is on the phone, giving  
14 faxes, reports and forms, is a frequently  
15 repeated, repeatedly submitted to the banks, and  
16 hour long waits for customer service to connect  
17 with a live operator are common. I believe there  
18 are several reasons for these delays. Over the  
19 winter, prior to the release of the federal Making  
20 Home Affordable Plan, many banks held moratoria on  
21 their troubled loans, stockpiling problems until  
22 the new plan could be released this spring. With  
23 the release of the plan, there are now many new  
24 homeowners attempting to see if they qualify.  
25

1  
2 Banks are not aggressively scaling up operations  
3 in their loss mitigation units, because they feel  
4 that the costs of doing so are not justified. The  
5 banks have economic disincentive to modify, that  
6 is. If they reduce the revenues from a mortgage,  
7 they must report that loss. If they foreclose on  
8 a home, that loss can be reported up to a year  
9 later. You can imagine, with all the banks in  
10 economic turmoil, reporting losses now is not  
11 something they'd prefer to do. Put more simply,  
12 banks appear reluctant to move assertively to  
13 modify mortgages because the economic consequences  
14 of doing so would be institutionally damaging, at  
15 least in the short term. They are therefore using  
16 the tactics above to let the air out of the tires  
17 slowly, and hoping that a more general economic  
18 recovery over the next twelve months will take at  
19 least some of the problem off their hands. The  
20 impacts on troubled homeowners are obvious: long  
21 delays, uncertainty, frustration and mounting  
22 hopelessness. CNYCN is taking a number of efforts  
23 to address these challenges. We've committed  
24 \$740,000 of funding to seven Queens-based  
25 organizations, and an additional \$1.6 million to

1  
2 six groups working citywide who provide additional  
3 support in these neighborhoods. They offer free  
4 housing counseling and legal services, and there's  
5 a complete list of those in the attached, at the  
6 end of the testimony. We meet regularly with  
7 banks to develop strategies that allow the Center  
8 and its partners to increase access to loss  
9 mitigation specialists. Over the summer, we're  
10 hiring a staff person who's primary responsibility  
11 would be coordination between our many partners  
12 and the banks to ensure prompt resolution of  
13 requests. With our partners, CNYCN is engaged  
14 with the Office of Court Administration, and with  
15 the individual courts to monitor and improve the  
16 settlement conference process now required by  
17 State law. Efforts including training judges and  
18 court personnel, reaching out to homeowner who  
19 receive a notice from the courts to encourage them  
20 to access supports, and advocating for procedural  
21 and legislative fixes that can substantially  
22 improve the power of these interventions. CNYCN  
23 is partnered with the Human Resources  
24 Administration on the Neighborhood Improvement  
25 Project, a program which takes unemployed local

1 residents and puts them to work identifying,  
2 cleaning and securing foreclosed and abandoned  
3 homes in Jamaica. The program is now being  
4 expanded to four additional sites. CNYCN has  
5 developed a nonprofit real estate brokerage  
6 services with Neighborhood Housing Services of New  
7 York City, providing homeowners who decide to sell  
8 their homes with a safe, reliable alternative to  
9 commercial brokers. Working closely with HPD and  
10 Restored Homes--you just heard our colleagues from  
11 Furman Center talking about the ARRA program.  
12 CNYCN is developing a model to acquire and  
13 renovate nearly 100 foreclosed homes in targeted  
14 communities. These homes will be sold to first  
15 time homebuyers between 105 and 110 percent of  
16 AMI, of area median income. And I can give you a  
17 few updates on that program at the end of the  
18 testimony, if you'd like. Renters, the unseen  
19 victims of the foreclosure crisis, will now  
20 benefit from strengthened services being offered  
21 through the HomeBase program. If you're not  
22 familiar with HomeBase, it's a homelessness  
23 diversion program offered through the Department  
24 of Homeless Services. Additional staffing will  
25

1  
2 allow renters, allow rental referrals from the  
3 CNYNC partners to access emergency funds,  
4 counseling, and even relocation assistance if  
5 they're no longer able to keep their home due to  
6 foreclosure. We're also engaged in a variety of  
7 other activities beyond these. I'm happy to  
8 discuss with you and your staff at any time you  
9 find convenient. And I'd like to just leave you  
10 with three simple steps for anyone at risk of  
11 losing their home: don't wait, the sooner that  
12 folks act, the more options they have; don't pay,  
13 anybody that offers to rescue you for a fee is not  
14 probably going to do a very good job, especially  
15 when there's specialized free, local and nonprofit  
16 providers ready to help; and call 311, it's just  
17 the easiest way to find us--basically all you have  
18 to do is say the magic word "foreclosure," and  
19 you'll get kicked over to us. I look forward to  
20 any questions.

21 CHAIRPERSON COMRIE: [off mic] - -  
22 home project, as far as being relatives or - -

23 MICHAEL HICKEY: [off mic] That's  
24 just yet another sort of - - program for others,  
25 they use community partners to help them market

1  
2 and secure the properties while they're in the  
3 process of doing development on those properties.  
4 And that would be the same for this program as  
5 with any other.

6 CHAIRPERSON COMRIE: [off mic] And  
7 have they started yet?

8 MICHAEL HICKEY: They have,  
9 actually. The NSP funds that--and my colleagues  
10 from Furman were referring to--that first  
11 allocation is being combined with some commercial  
12 financing, about a \$56 million facility. They  
13 hope to close on that financing within the middle  
14 to end of July. And then we'll be able to acquire  
15 foreclosure properties at scale. Restore Homes  
16 has already acquired 70, I'm sorry, seven  
17 properties, just as a way to kind of begin the  
18 process, and work out the kinks, mostly over the  
19 contracting we need to do with the individual  
20 banks. And--

21 CHAIRPERSON COMRIE: [off mic] And  
22 are they currently set to collect - - are they  
23 going to - -

24 MICHAEL HICKEY: We're actually,  
25 we've been convening for about six months now, a

1  
2 group of other organizations including the New  
3 York City Partnership, NHS, Mortgage Coalition,  
4 Enterprise Community Partners, to talk about  
5 specifically that issue. How do we market these  
6 foreclosed properties and really try to find  
7 buyers. So, we have a very good network of other  
8 partners who will be working with us to  
9 essentially market those properties through  
10 homeownership preparation programs that exist now.

11 CHAIRPERSON COMRIE: [off mic] And  
12 also then there's the work - - people at least  
13 have - -

14 MICHAEL HICKEY: Well, it won't be  
15 done by HPD. Restored Homes is actually an  
16 independent nonprofit. So they'll be managing the  
17 process. I really wish I could answer that  
18 question, but it's better answered by Restored  
19 Homes directly. What I will do is have them reach  
20 out to your office with a response.

21 CHAIRPERSON COMRIE: [off mic] - -  
22 And--with all of the things that you have - - are  
23 they all - - are they all listed - -

24 MICHAEL HICKEY: Okay, so this  
25 chart is in three bands. If you look at the dark

1

2 gray band with the light lettering, there's seven

3 - - .

4

CHAIRPERSON COMRIE: [off mic]

5

Right.

6

MICHAEL HICKEY: So those are all

7

Queens based organizations that are funded to do

8

work specifically in Queens. Below that are

9

organizations, some you'll see listed twice

10

because they actually have two contracts, who are

11

funded citywide, but who are providing services

12

throughout Queens because we've directed them to

13

do so. And then the remainder of the

14

organizations are working in other parts of the

15

City.

16

CHAIRPERSON COMRIE: [off mic] What

17

is the next - - opportunities for - - program to

18

provide - -

19

MICHAEL HICKEY: It depends on the

20

funding that's made available in the current

21

budget cycle. We actually are, you know, we just

22

had a \$10 million commitment announced from the

23

Mayor, which was very, very helpful. So we expect

24

to release a new RFP hopefully towards the end of

25

the summer. And in that RFP, we'll be inviting



1

2 new people to apply.

3

CHAIRPERSON COMRIE: [off mic] And

4

you - -

5

MICHAEL HICKEY: From the City

6

Council?

7

CHAIRPERSON COMRIE: [off mic] - -

8

on any - -

9

MICHAEL HICKEY: It, I believe it's

10

being - - by the City Council and increased

11

through the - -

12

CHAIRPERSON COMRIE: [off mic]

13

Okay, thank you. And let's go back to, you said

14

that one of the reasons why - - do you see where

15

that - - actually allows them to move forward - -

16

would it make sense for the banks to - -

17

MICHAEL HICKEY: Well, from what I

18

can tell, the banks are eager to get out from

19

federal lien, because they can possibly be--I

20

mean, they really don't like having oversight

21

that's been forced on them through HUD or any of

22

the other programs. So, they're not very excited

23

about accessing those resources. You know, I

24

think just based on my knowledge of the economics

25

of providing modifications, the banks just don't

1  
2 see a lot of incentive to do so. And like I said,  
3 I think they're kind of hoping that the economy's  
4 going to turn around and take some of the problem  
5 off their hands. That being--

6 CHAIRPERSON COMRIE: [off mic] - -

7 MICHAEL HICKEY: I think that the  
8 banks are waiting and hoping that the economy's  
9 going to improve and take some of the problem off  
10 their hands. Particularly in a market like New  
11 York, where real estate has actually held up  
12 fairly well in comparison to the rest of the  
13 country.

14 CHAIRPERSON COMRIE: [off mic] - -

15 MICHAEL HICKEY: I think it's more  
16 the latter. So, from the bank's perspective,  
17 they're hoping that, you know, someone's going to  
18 kind of struggle along for six months or so, but  
19 eventually get themselves back into a consistent  
20 thing, job, and be able to resume their payments,  
21 perhaps with some lengthening of the term or  
22 reduction in the cost of the mortgage, reducing  
23 the interest rate on it.

24 CHAIRPERSON COMRIE: [off mic] And  
25 usually the banks - -

1  
2           MICHAEL HICKEY: It's tremendously  
3 confusing. And unfortunately it's not consistent.  
4 Some banks are very aggressive about pursuing  
5 actions, others are very lenient. I don't know a  
6 single housing counseling organization that can't  
7 point to at least several people that they're  
8 supporting and say that there are folks that are  
9 twelve months delinquent without any notice from  
10 the bank, and there are folks that are really just  
11 harangued by the financial institutions. It  
12 really depends. Part of the challenge is that we  
13 have many different operators in the New York  
14 market. The good news is that most of them are  
15 based here. So, we do have a bit of a bully  
16 pulpit in terms of addressing it.

17           CHAIRPERSON COMRIE: [off mic]

18 Well, we have also - - the effectiveness of the -  
19 - around here of what that - -

20           MICHAEL HICKEY: I'm sure some of  
21 my colleagues are going to help us - - . Okay,  
22 great. So she'll be able to give you a real kind  
23 of down level perspective. You know, the  
24 challenge with the court process, they're really  
25 not recording the outcomes of the settlement

1  
2 conferences. So, it's hard to measure the  
3 effectiveness of them, based on what they're, the  
4 information they're providing to us. What we are  
5 doing is actually implementing a monitoring  
6 process. We've actually raised a whole bunch of  
7 volunteers that actually sit in every settlement  
8 conference or proceeding and they record what  
9 happens. In the first about two months, we'll  
10 probably have several hundred, maybe over 1,000  
11 actual recordings. And we'll use that information  
12 to get us an indication of what's effective or not  
13 effective about the process. And we'll be  
14 generating a report with proposals hopefully in  
15 partnership with the Office of Court  
16 Administration. Again, to try to bring some  
17 increased attention to the settlement conference  
18 process. Anecdotally, I can say that there's  
19 pretty widespread agreement the process is not as  
20 effective as it could be. That for to not really  
21 holding the banks accountable to come forward with  
22 the information they need and the authority that  
23 they need to achieve a settlement in the  
24 conferences.

25 CHAIRPERSON COMRIE: [off mic] - -

1

2

get involved - - is that - - or is that just  
something that - -

3

4

5

6

7

MICHAEL HICKEY: That's already  
begun, so one of our partners, NEDAP, I'm sure  
you're familiar with them, have been very hard at  
work, also with legal services.

8

CHAIRPERSON COMRIE: [off mic] - -

9

10

11

12

13

14

15

MICHAEL HICKEY: They've been an  
incredibly important partner to us, very powerful  
advocate. And I think that their foresight on  
these issues is really to be commended. And they  
have been very aggressive about pursuing greater  
efficiency within the settlement conference  
process. Along with other consensus partners.

16

17

18

19

20

21

CHAIRPERSON COMRIE: [off mic] And  
- - the, with working with the Office of - -  
opportunity for some kind of - - knowledge - - is  
there a - - people there - - I'm just wondering,  
you call, you know, whatever - - is, is there a  
process that you can see - -

22

23

24

25

MICHAEL HICKEY: Some of that  
information is out there, but what we're finding  
is, you know, we have just about 30 members in our  
network, and there are about 40 other nonprofits

1  
2 around this city that are actually doing this  
3 work, as well. And they're calling 20 different  
4 banks. So it's incredibly confusing and difficult  
5 to follow up on. One of the things that we're  
6 actually going to do over the summer is hire a  
7 person that will be the wholesaler, if you will,  
8 for our network. So any time that there's a need  
9 for an escalation, someone's not getting the  
10 response that they need, that member of our  
11 network will forward it to this staff person, who  
12 will then have the responsibility for escalating  
13 it within the institution, and have, we hope, the  
14 relationship, a designated, a special design--  
15 specially designated relationship within the bank,  
16 to move the application forward, or at least get  
17 information on what's needed to achieve a  
18 resolution.

19 CHAIRPERSON COMRIE: Okay. You  
20 said that you have - - nonprofit - -

21 MICHAEL HICKEY: So, we have a call  
22 center at the Center - -, if you call 311, say  
23 "foreclosure," you'll get basically kicked over to  
24 our office.

25 CHAIRPERSON COMRIE: [off mic]

1

2

Right.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

MICHAEL HICKEY: And that call center, we use it to refer people out to organizations supported by us, by the New York State Banking Department, by the State's Division of Housing - - which you know - - grants in this issue as well. And that network's about 70 in New York City. So we have actually gone through intake processes for all 70 organizations, and we've referred all 70. In addition, we have got 90 organizations outside of New York City. So, 'cause we get calls from Long Island, from upstate, from Pennsylvania, from New Jersey. We make referrals to organizations in those districts, as well.

CHAIRPERSON COMRIE: [off mic] Is there anything else that you wanted to say here?  
- -

MICHAEL HICKEY: It really is the city with Restored Homes leading that application. They led the application as well onto the first round. Individual organizations may apply. In the first round, you may note that there were actually some groups who were awarded NSB One

1  
2 Funds [phonetic] Cyprus Hills - - were also  
3 awarded additional monies. And then NSB - - there  
4 will be additional groups that a couple of  
5 applications will be - - to them.

6 CHAIRPERSON COMRIE: Are any other  
7 grants going to come - - I had a group approach me  
8 the other day saying that they got - - grant - -  
9 are there any other - -

10 MICHAEL HICKEY: So the DHCR,  
11 what's--they committed \$25 million last year, and  
12 funded a very wide variety of groups throughout  
13 the state. They've been allocated an additional  
14 \$25 million, and I believe that ours will be  
15 coming up some time this summer. So, your  
16 organization should really be getting their - -  
17 filled on the DHCR website to look out for the  
18 other - -

19 CHAIRPERSON COMRIE: [off mic] - -  
20 and is your - - of the reliability of any - -

21 MICHAEL HICKEY: We are in close  
22 communication, actually. We report to them,  
23 because they're one of our funders, actually, they  
24 helped us put the call center in place. So they  
25 know about the referrals that we make. And we're



1  
2 working with them now to think of how we might  
3 deploy the funds for the next round. So, they've  
4 been very, very, very good about soliciting  
5 feedback on how to use their money well.

6 CHAIRPERSON COMRIE: [off mic]  
7 Yeah. And - - are part of your network, but they  
8 don't - - and they are probably part of your  
9 referral center?

10 MICHAEL HICKEY: They probably are  
11 already, if they're funded by one of our other  
12 partners. But if they're not, they certainly can.  
13 I'll be more than happy to speak to them directly.

14 CHAIRPERSON COMRIE: [off mic]  
15 Thank you.

16 MICHAEL HICKEY: One of the things,  
17 let me just mention, one of the things we're  
18 hoping to do is, there are two ways that most  
19 housing counseling organizations track people:  
20 they use a platform provided by - - works or one  
21 by Fannie May. We're working with both of those  
22 organizations now to modify that platform, so that  
23 anybody using them can report to us, because we  
24 track certain data. We will then provide small  
25 grants to those organizations in exchange for

1  
2 their report, just so we can learn about the  
3 modifications that they're conducting. So whether  
4 they're funded by us or not, as a service provider  
5 they may be given a small award to provide  
6 reporting to us and they can greatly increase the  
7 amount of information we have, they give us  
8 information of the nature of the mortgage crisis -  
9 - .

10 CHAIRPERSON COMRIE: [off mic] - -  
11 Office of - - involved in the announcement, along  
12 with other people. - - able to be worked out so -  
13 - Do you feel it should be directly, or it should  
14 - -

15 MICHAEL HICKEY: It will almost  
16 certainly be one of the network partners. One of  
17 the groups listed in the attachment. We will  
18 probably look at a way to fund additionally a  
19 staff person or two to be placed with OMB in that  
20 office. We've had a couple conversations with - -  
21 And I would also say that, you know, OFB is just  
22 a really logical partner for us. Everybody that's  
23 coming through our door doesn't just have guidance  
24 sheets, we've got other consumer - - that we  
25 really need the attention of the network that we

1

2 can bring to the table.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CHAIRPERSON COMRIE: [off mic] - -

logically, coming in because - - almost everything

else - - is there anything else that we should be

doing in - - or that to help with the issue of - -

with the - - we have - - to get the word out

there. - - I mean, for these - - as opposed to

going somewhere - -

MICHAEL HICKEY: I think the

Council's done a terrific job of helping us get

the word out. I would encourage you to keep that

up. You know, don't wait, don't pay, call 311 is

just a very easy message to convey. You know,

we've got three - - in there, we've gotten a lot

of coverage ourselves. But I have to tell you,

the single most effective communications piece

we've done is we got our name included in the tax

bill that was sent out by the - - and we've got

more phone calls on that than anything else. So,

I think it's people making that association

between this network and the City, and feeling

that comfort that they know they're not getting

ripped off, this is the real deal. And that

connection's very - -.

1

2

CHAIRPERSON COMRIE: [off mic]

3

Well, I want to thank you for coming - - Gennaro -

4

- is there any other - - any other comments - -

5

Oh, okay, - -

6

MICHAEL HICKEY: There has been. I

7

mean, the Center, I think, as an aggregate of the

8

resources that's successful in bringing a lot of

9

foundations to the table, that clearly would not

10

have happened without leadership commitments from

11

the State, absolutely not. And--

12

CHAIRPERSON COMRIE: [off mic] - -

13

MICHAEL HICKEY: Yeah, we've, I

14

think we've leveraged the public funds about two-

15

to-one. Yeah. But--and we use every directly

16

made grant - - , so those go right out to the

17

groups. As soon as we get additional funds, we'll

18

continue to do so.

19

CHAIRPERSON COMRIE: [off mic]

20

Thank you, Michael, for coming in. - -

21

Everything else is - -

22

MICHAEL HICKEY: Oh, it's my

23

pleasure, and I look forward to hearing some more

24

of the testimony.

25

CHAIRPERSON COMRIE: [off mic] - -

1  
2 Next we'll hear from--Sabrina Hammond, from - -  
3 Educational Foundation; Gabriel Maldonado, from -  
4 - ; and - - Chris Walter from the - - ; Abe  
5 Riveras from CWE - - Education Foundation; and  
6 Terry Glover from CWE. - - four of you downstairs  
7 - - . [background noise] Okay. [background  
8 noise] We're going to need to - - foundation  
9 going to meet in my office on Thursdays - - people  
10 and taking advantage of - - today, as well. I  
11 understand there are a lot of people that want to  
12 be heard today. Also, from yesterday's - - .

13 GREG MALDONADO: I want to thank  
14 you Councilman Comrie, and thank the Board for  
15 inviting us down to speak about our--

16 CHAIRPERSON COMRIE: You have to  
17 bring the mic closer.

18 GREG MALDONADO: Bring the mic  
19 closer. I want to thank you for inviting us down  
20 so we can report on our findings in the  
21 Jamaica/St. Alban's and the surrounding area. We  
22 came down to Jamaica because the CWE, the  
23 Consortium for Workers Education, had sought our  
24 services in Queens because they're the epicenter  
25 of foreclosures at this point in time in New York

1  
2 City. They have a lot of union members. We were,  
3 we had a relationship for over six years where we  
4 did financial literacy and first time home buyer  
5 literacy to their constituency. So they wanted us  
6 to come down here and help the Offices of Leroy  
7 Comrie. We are in Senator Huntley's office on  
8 Saturday. We were in Congressman Leach's office  
9 also, and we were dealing with the foreclosure  
10 problem. It is, there's a couple of different  
11 areas here that we have, that we want to report  
12 on. One is that there is a lot of scrupulous  
13 companies out there that are dealing with these  
14 folks, taking their money, and putting different  
15 advertisements out there that have, that look like  
16 federal documents, that look like they're going to  
17 help these people. And there's a ton of people  
18 that have wasted anywhere from \$500 to \$12,000.  
19 And we have documentation proving that. We also  
20 have documentation proving that the banks are  
21 still slowing down the process, as far as  
22 modifications are concerned. We have 407 cases  
23 that we've dealt with in the past six months here.  
24 We have success in about 61 cases where we've had  
25 them remodified. We have over 199 cases that are

1  
2 still in the bank's hands, full packages, the way  
3 the bank wants it, with a budget analysis sheet in  
4 it, with the credit, with all documentation that  
5 they need in order to process these files faster.  
6 There is a slow down, we heard it earlier today,  
7 that these banks are not cooperating with anyone,  
8 as far as these are concerned. And they are not  
9 cooperating with the constituents themselves. As  
10 a matter of fact, a lot of times when the  
11 constituents go and get a modification, they fall  
12 back into the modification six months later  
13 because the modification was not done under the  
14 Obama umbrella, which basically can reduce  
15 principal and also reduce the rate, so it can be  
16 at 31 percent of their debt. We have saved 39  
17 houses that were going into sale in three days,  
18 that are pumped through these offices. We're  
19 dealing with the constituents on a continuous  
20 basis, but the thing that we see most of all is  
21 the lack of financial literacy in these areas, in  
22 our area. That we do not have any program that  
23 really put people to understand what finance is.  
24 Not only finance in the marketplace of first time  
25 homebuyers, but also credit card debt, but also

1  
2 car loans. We get redlined throughout these  
3 areas. Even if we have great credit, we still get  
4 redlined and we still pay the highest rates in  
5 these areas. There are people that are going into  
6 unemployment and we have another segment of these  
7 modifications going forward where no one's really  
8 addressing that piece either, where we can address  
9 that piece and ask the banks to do forbearance  
10 agreements on those people that have been working  
11 in these areas and continuously working, and are  
12 affected by the economy, and are losing their  
13 jobs, and we can do forbearance agreements where  
14 we can put three to four to five to six months  
15 until they get a job, so they can concentrate on  
16 the job as opposed to concentrating on saving  
17 their home. Some of these homes in Jamaica,  
18 Queens have been in families for 30-40 years, and  
19 they have been victims to predatory lending  
20 practices. People have come, people have done  
21 subprime loans when they can go for conventional  
22 loans and FHA loans and - - May loans, and that  
23 word is not out here in our neighborhoods.

24 CHAIRPERSON COMRIE: Time.

25 GREG MALDONADO: Sorry? [laughter,



1

2 crosstalk]

3

4

CHAIRPERSON COMRIE: You can go a little longer. Sorry.

5

6

GREG MALDONADO: [laughs] Like, whoa! Okay. [crosstalk, laughter]

7

8

CHAIRPERSON COMRIE: But there's time expect to get out of the room.

9

10

GREG MALDONADO: I'm sorry, I apologize.

11

12

CHAIRPERSON COMRIE: - - this evening.

13

14

15

16

17

18

19

20

21

22

23

24

25

GREG MALDONADO: Okay. We've been working and reporting the files that have predatory lending practices to the ADA here in Queens. We have also been advocating for financial literacy in the colleges, so we can teach financial literacy within the colleges. We have also put together a curriculum from kindergarten to 12<sup>th</sup> grade, so we can put 'em in the, so we can put it in the public schools, in the math curriculums as they already exist. And put workbooks along with it, so it can become institutionalized, and this doesn't become a problem 20 years from now, because it will

1  
2 continue to flow and will continue to be vibrant  
3 in our areas, all over the United States. We have  
4 the numbers to prove that, we are in the trenches  
5 dealing with these people. We know what they're  
6 going through. There are people that are going  
7 through modifications themselves, and are not  
8 getting the right modifications done for  
9 themselves. There are people that are going  
10 through agencies out here that are pushing their  
11 file forward and not doing it professionally where  
12 they know what it takes to get a loan modified.  
13 The banks are not prepared for this rush of  
14 modifications at all. And some of the people that  
15 are in the bank are very, are not trained to  
16 really look at these files, and we've escalated it  
17 to the VPs of some of these banks, of some of  
18 these financial institutions, and brought them to  
19 the table, and they are aware of this problem.  
20 Whether they choose to resolve it at this point in  
21 time, because it is, we have an emergency room in  
22 Comrie's office, in Senator Huntley's office, and  
23 probably in every office that we open, we have 38  
24 people on our staff that are working diligently,  
25 night and day to help these people. People are

1 walking in Saturday, Friday nights, Thursday  
2 nights, every day of the week, with the same  
3 issue. Banks are losing files three and four  
4 times. Complete files, where they are stalling  
5 tactics that they're using in order not to help  
6 these neighborhoods strive and survive. We have  
7 added a mental health person to our, mental health  
8 counselor to our unit, so this way they can talk  
9 to the people that are losing the houses, so we  
10 can have soft landings for those folks. We're  
11 trying to renegotiate with the banks, so the bank  
12 can rent back to those folks, within a three to  
13 four to five or six month period, so this way they  
14 have time to move, and they don't feel rushed and  
15 their furniture isn't put out in the lawn. These  
16 cases are continuously going on here. In Jamaica,  
17 Queens, according to our statistics, there are  
18 over 75 percent women who are single women and  
19 elderly that are being preyed on by these  
20 modification companies. They are being taken for  
21 their last cent. The fact of the matter is,  
22 people are transferring houses over to their  
23 names, in desperation people are signing their  
24 houses over to someone that says they have better  
25

1  
2 credit than them, and they can get the  
3 modification done. And then seven, eight, ten  
4 months later they find out that it's not their  
5 house, they already sold it to somebody else. And  
6 them they need the mortgage payments.

7 CHAIRPERSON COMRIE: Say that  
8 again, are you saying that when they sign over the  
9 house, they're signing over to a relative.

10 GREG MALDONADO: They are signing,  
11 no, they're signing, they could be signing it to a  
12 realtor, they could be signing it to the predatory  
13 lender that gave them the mortgage to begin with.  
14 And what happens is, is that they sell the house  
15 from underneath them, they keep on paying the  
16 mortgage, which we have proof of, that they  
17 continuously pay the mortgage, and now there's  
18 another owner in the house. We have several cases  
19 just like that, that are going on in Jamaica,  
20 Queens on a constant basis.

21 CHAIRPERSON COMRIE: That's - -  
22 kept the record, or--

23 GREG MALDONADO: Well we're  
24 reporting it to the ADA, we have a lawyer on staff  
25 also that goes and represents them at court, but

1  
2 you know, it's not a quick process, to reverse  
3 that piece from title back to the old owner. And  
4 the old owner probably has owned the house maybe  
5 30-40 years, and basically now they lost their  
6 house, because they signed it over in trusting  
7 somebody that they were going to do the right  
8 thing for them, and did nothing for them. The  
9 other, there's another case that's going on in  
10 Jamaica, Queens, that's why we're advocating  
11 financial literacy, is the people are refinancing  
12 and refinancing and refinancing to take out  
13 \$10,000, and they're paying exuberant amounts of  
14 money to do these refinances, when they should  
15 know about home equity lines of credit and other  
16 things that they can use. And we're not putting a  
17 band-aid on this, what we're doing is we're also,  
18 after we've remodified them, we also do a budget  
19 analysis on them, and we help to recondition their  
20 mind as far as finance is concerned. [off mic]  
21 And we help them with their credit, so they are in  
22 good standing - - . So, we're just not putting a  
23 band-aid on it and saying, "Okay, go leave," but  
24 we modify it so it's - - they come back and  
25 remodify again, because my friends, - - they will

1

2 - - address - - .

3 CHAIRPERSON COMRIE: [off mic] So  
4 they've been cooperative.

5 GREG MALDONADO: [off mic] Yeah,  
6 they've been cooperative, 'cause these are the  
7 cases - - the department continues to have  
8 problems with - - banks - -

9 CHAIRPERSON COMRIE: Thank you, - -

10 GREG MALDONADO: At this - - we've  
11 got a lot more - - with us, and we don't have a  
12 lot of time - -

13 TRACY: Good afternoon.

14 CHAIRPERSON COMRIE: Good  
15 afternoon.

16 TRACY: I wrote a piece about my  
17 experience with foreclosure. Three years ago--

18 CHAIRPERSON COMRIE: You got to say  
19 your name for the--

20 TRACY: Oh, my name is Tracy - - .  
21 Three years ago, my piece is - - to foreclosure,  
22 due to unexpected repairs that occurred with the  
23 home. As a professional, single parent of a ten  
24 year old, one would think that it would be  
25 relatively easy to negotiate the modification plan

1  
2 with a loan service provider. This was not the  
3 case in my situation. After numerous unfruitful  
4 attempts on my own, I soon discovered that I  
5 needed to seek a professional to assist. I paid  
6 thousands of dollars traveling down the wrong  
7 avenues with hopes that a professional artist  
8 could help me to rectify my situation. Once  
9 again, I found myself out of money, and back at  
10 the time warp with the clock winding down to a  
11 sale date. One day, I was walking down the  
12 street, and I ran into an old friend who I had not  
13 seen in years. We began talking about the  
14 alarming number of foreclosures in the  
15 neighborhood. In fact, did not know anything  
16 about my predicament, and I felt uncomfortable  
17 speaking about it. This friend spoke about how  
18 neighborhood, the neighborhood housing services  
19 were assisting neighborhood homeowners through a  
20 foreclosure prevention program. The next day, I  
21 contacted neighborhood housing services who  
22 directed me to the office of Congressman Gregory  
23 Meeks. Congressman Meeks and his senior staff  
24 officer, Jason Pelhier [phonetic] have helped me  
25 into a foreclosure prevention program with the

1  
2 Community Enrichment and Education Foundation. At  
3 the Community Enrichment and Education Foundation  
4 offices, I met CEO David Mueller, Eddie Perez,  
5 Fritz Walters, David - - Maldonado. The Community  
6 Enrichment Team began to immediately work on my  
7 case. Through their tenacious efforts, the team,  
8 along with my attorney, - - Leopold, and the  
9 bank's attorney, Nancy Burlingame, the sale was  
10 stopped immediately. However, with the sale  
11 stopped, the Community Enrichment Team faced many  
12 challenges. Financial statements requested by the  
13 service provider, which were submitted on my  
14 behalf, were lost at the service provider intake  
15 triage. This ultimately meant that the process  
16 had to start over from the beginning. Two,  
17 switchboard transferring to inappropriate  
18 personnel which were unable to assist our  
19 situation. Lengthy periods between turnaround  
20 call times. When the Community and Enrichment  
21 Education Team were faced with these issues,  
22 senior staff officer Jason Pelhier involved  
23 Congressman Gregory Meeks, who took the matter  
24 into his hands. Last, how many of you know where  
25 your blessings come from? During this eight month



1  
2 period--it took eight months--I was offered a  
3 \$90,000 career job with the police. However, it  
4 required me to attain a national security  
5 clearance. Do you know that my friend, my family  
6 at the Community Enrichment Education Foundation  
7 were ecstatic about the news? The Community  
8 Enrichment and Education Foundation took my  
9 situation personally as though I was one of their  
10 own family members. They began making calls to  
11 the security clearance offices, and along with  
12 Congressman Gregory Meeks. The Community  
13 Enrichment Education Foundation is a not-for-  
14 profit agency which provides a wide range of  
15 services to the community for free, while placing  
16 special emphasis on the constituencies in a  
17 professional and courteous manner. The Community  
18 Enrichment and Education Foundation is me, is you,  
19 is us. Thank you.

20 CHAIRPERSON COMRIE: [off mic] - -

21 TRACY: Yeah. I have the job.

22 [laughs]

23 MALE VOICE: Councilman, her job  
24 was basically based upon her obtaining a  
25 modification.

1

2 TRACY: Right.

2

3

MALE VOICE: For housing.

4

CHAIRPERSON COMRIE: [off mic] - -

5

MALE VOICE: Right.

6

MALE VOICE: [off mic] We had to

7

get the security clearance and - -

8

TRACY: Exactly.

9

CHAIRPERSON COMRIE: [off mic] - -

10

TRACY: I'm sorry?

11

CHAIRPERSON COMRIE: [off mic] The

12

bank - - you got a federal job?

13

TRACY: It's a federal job.

14

CHAIRPERSON COMRIE: [off mic]

15

Okay. - - you were in - - [laughter] And I'm glad

16

that you were able to - - for your friends and

17

other people to have - -

18

TRACY: Absolutely.

19

CHAIRPERSON COMRIE: [off mic]

20

Thank you. I - -

21

TRACY: Okay.

22

CHAIRPERSON COMRIE: [off mic] I

23

have other people that want to - - as well.

24

TRACY: Okay.

25

MALE VOICE: Thank you.

1

2

CHAIRPERSON COMRIE: [off mic]

3

Thanks again, - - development, and - - from the -

4

- CDC. Are they coming.

5

FEMALE VOICE: Yep. - -

6

[pause, background noise]

7

BENJAMIN DULCHIN: My name is

8

Benjamin Dulchin, I'm representing ANHD, Inc.,

9

which is a not-for-profit welfare organization,

10

advocates on behalf of 97 New York City based not-

11

for-profit housing groups that build affordable

12

housing and advocate for better affordable housing

13

policy. So, I'm here today to talk about a

14

slightly different angle on the foreclosure

15

problem. I'm going to focus my testimony on the

16

threat of foreclosure in the multifamily rental

17

housing stock, and the possible scale of that

18

multifamily foreclosure crisis, and its relation

19

to the phenomenon that's become known as predatory

20

equity, and the effect that that foreclosure

21

crisis may have on - - needs. Particularly, I'll

22

focus on how that crisis might affect

23

neighborhoods in Queens, and I'll - - about--

24

CHAIRPERSON COMRIE: [off mic] - -

25

you guys--

1

2 BENJAMIN DULCHIN: I'm sorry.

2

3 CHAIRPERSON COMRIE: [off mic] - -

3

4

4 BENJAMIN DULCHIN: Sorry. So, I'm

5

5 going to talk about the pending foreclosure crisis

6

6 in the multifamily rental housing stock, which is

7

7 a little bit less notorious these days, but in New

8

8 York City is going to have a very dramatic impact

9

9 on important communities around New York City.

10

10 So, this problem, which is really going to explode

11

11 in the next couple months, is related to the

12

12 phenomenon that's become known as "predatory

13

13 equity." There has been a dramatic shift in the

14

14 New York City housing market, particularly around

15

15 affordable rental housing, as developers backed by

16

16 Wall Street type private equity funds have

17

17 targeted their rent regulated buildings, with an

18

18 investment strategy that has become known as

19

19 "predatory equity," because of the large number of

20

20 tenants who are being illegally displaced. In

21

21 only few years, these predatory equity developers

22

22 have purchased an estimated 90,000 units of

23

23 affordable rental housing. As you can see from

24

24 the maps that are attached to the testimony,

25

25 Queens was a particular focus of this strategy,

1  
2 with the now infamous developers such as Vantage  
3 Realty, Apollo Real Estate Finance, Urban American  
4 Real Estate and Dermot Partners, purchasing large  
5 portfolios of buildings in neighborhoods such as  
6 Sunnyside, Woodside and Jamaica, and then  
7 systematically pressuring low-rent paying tenants  
8 to leave, so they could increase the rental amount  
9 in the building in order to pay off the outsized  
10 lump they'd taken for the building, because they  
11 were so overleveraged. In this count is included  
12 over 1,500 apartments in the 26<sup>th</sup> Council District,  
13 812 in the 25<sup>th</sup>, 57a in the 21<sup>st</sup>, and 304 apartments  
14 in the 29<sup>th</sup> Council District of Queens. The issue  
15 of foreclosure comes up, it is the structure of  
16 many of these real estate deals is unsupportable,  
17 and there's a growing danger of default that may  
18 lead to a new subprime loan crisis for apartment  
19 buildings in New York City. Analysis by ANHD  
20 finds that a remarkable 60 percent of predatory  
21 equity loans have been placed on a watch list by  
22 the loan servicer in the last year for being in  
23 danger of default. These loans are three times  
24 more likely to be on the watch list than non-  
25 predatory loans, in the same loan security pools,

1  
2 and could represent up to 54,000 apartments across  
3 the City that are at risk. Detailed information  
4 on these loans is available because they've been  
5 packaged with a mortgage backed securities, and  
6 therefore public data is available about the  
7 underwriting criteria of the loans, and the  
8 performance of the building finances. In June  
9 2008, we were able to analyze loan service reports  
10 from the ten largest predatory equity portfolio  
11 loans, and found that the average debt service  
12 coverage ratio at the time was .67. That is that  
13 there was only 67 cents available for every dollar  
14 of debt service that they incurred. The debt  
15 service coverage ratio really must be at least  
16 one-to-one, or the building will inevitably fall  
17 into financial distress, foreclosure. In 2008, we  
18 analyzed updated data from the loan servicers, for  
19 the same portfolios, and found that the debt  
20 service coverage ratio had fallen to 61 cents on  
21 the dollar.

22 CHAIRPERSON COMRIE: [off mic] - -

23 as far as this entire - -

24 BENJAMIN DULCHIN: Sure.

25 CHAIRPERSON COMRIE: [off mic] Are

1  
2 you saying that they overpaid for these properties  
3 originally? Or--

4 BENJAMIN DULCHIN: Sure, so I'll -  
5 - so the short version is, that in the first  
6 quarter of 2006, sort of Wall Street money,  
7 private equity financing, encouraged a new  
8 investment strategy where what had been seen as  
9 kind of, you know, plain vanilla, bathwater,  
10 boring, rent-stabilized real estate in New York  
11 City, and didn't attract high flying finance,  
12 suddenly began to attract high flying finance.  
13 The problem is that those Wall Street backed  
14 financiers expect a greater return that is  
15 dramatically higher than kind of the typical kind  
16 of mom-and-pop investments in - - real estate. In  
17 order to get that rate of return, we need to be  
18 able to promise a dramatic rate of turnover in the  
19 apartments in those buildings, and they were  
20 buying buildings, paying enormous amounts for  
21 them, nearly twice as much as would be justified  
22 by the current rents. But they were saying to  
23 their investors, "Don't worry, we're going to have  
24 a tenant turnover rate that is six or seven times  
25 the historic average, and that's how we're going

1  
2 to get the rents up." But the problem was,  
3 starting in 2008, that strategy began to fall  
4 apart very rapidly, as it became clear of two  
5 things. One, that community groups - - become  
6 well aware of the harassment that was inherent in  
7 producing the tenant turnover, and that community  
8 groups such as - - and other groups are go in  
9 along with legal services with support from - -  
10 service staff of the local group representatives,  
11 who were going to provide information, education  
12 to the tenants to help 'em fight back against the  
13 harassment. At the same time, the general  
14 economic crisis hit, and so those overleveraged  
15 buildings that had been predicated upon being able  
16 to refinance these incredibly burdensome  
17 overleveraging, weren't able to get that  
18 refinancing. And so the loans have now begun into  
19 go to extreme, extreme distress, and we estimate  
20 that about 54,000 units--

21 CHAIRPERSON COMRIE: [off mic] - -  
22 Wall Street - -

23 BENJAMIN DULCHIN: Well--

24 CHAIRPERSON COMRIE: [off mic] - -  
25 what respect--



1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

BENJAMIN DULCHIN: Well, - - , this really is the - - , so let's talk particularly about Queens, since that's where we are. So most of this, this activity has taken place in sort of solid, working class neighborhoods, that are in the outer boroughs of upper Manhattan, within good transportation distance from the businesses of Manhattan. So the neighborhoods that have been most affected are East Harlem, West Harlem, Washington Heights, the Grand Concourse Corridor in The Bronx, and then Sunnyside, Woodside, and Jamaica in Queens, tremendous - - there, in Queens. The most famous actors are Vantage Realty, sort of the most - - there for that one - - .

CHAIRPERSON COMRIE: [off mic] - -  
purchase - -

BENJAMIN DULCHIN: Well documented. It's unclear what's going to happen. It is very clear that the majority of these loans are in devastating financial problems, as the owners are unable to pay off the loans. The market has kind of shuddered to a halt. And I think the finances, the lenders, whether they are, you know,

1 securitized, whether they're still holding a whole  
2 note, are trying to figure out whether they need  
3 to renegotiate the loan with the existing owner,  
4 or whether they're going to foreclose and then  
5 look to be able to sell the building after  
6 foreclosure. It's not entirely clear what's going  
7 to happen. We're starting to see some portfolios,  
8 some - - portfolios go into foreclosure, which is  
9 causing a lot of - - distress for the tenants and  
10 a lot of extra displacement pressure on the  
11 tenants. We're also starting to see some of the  
12 loans being sold on the, being sold by the lender  
13 to a secondary purchaser, but still leaving the  
14 loan overleveraged. The problem is that what  
15 you're seeing is sort of a secondary class of  
16 predatory investors spring up. So whether the  
17 buildings are being foreclosed on and then sold at  
18 auction, or the loans themselves are being sold to  
19 an investor, the buildings are still grossly  
20 overleveraged, and the purchaser is still buying  
21 the buildings with the intent of speculatively,  
22 they're still speculating on the building, buying  
23 with the expectation that he can move out a  
24 dramatic number of existing tenants, to  
25

1

2 essentially--

3

CHAIRPERSON COMRIE: [off mic] - -

4

foreclosures that - -

5

BENJAMIN DULCHIN: It doesn't

6

require - - these are rent stabilized buildings,

7

so rent stabilization trumps a state foreclosure,

8

so the tenants are technically protected, but what

9

generally happens in the foreclosure is that

10

there's a period of disinvestment and

11

disengagement by the lender so the building begins

12

to fall into physical distress, which is less of

13

an issue if the buildings were sort of - - here

14

and there, but there's certain neighborhoods the

15

buildings are so intensely concentrated, in such a

16

critical mass of the buildings, that it will

17

really cause a lot of physical distress in the

18

neighborhood. We're more focused here on the

19

opportunity, that given how overleveraged these

20

buildings are, and given how badly the lenders

21

have really bungled it, you know, lost a lot of

22

them themselves, and literally they have also

23

caused such enormous danger for affordable housing

24

needs in the City, it is our belief that there is

25

an opportunity here for preservation purposes.

1  
2 And that there's a critical moment when the banks  
3 are trying to figure out what they're going to do  
4 to be able to get these nonperforming loans, these  
5 nonperforming buildings off their books. They can  
6 either, as with single family homes, they can  
7 either seek vulture investors who will pay, you  
8 know, the highest price possible, but still  
9 maintain the overleveraged, speculative harassment  
10 on tenants, and lack of repairs, or they can work  
11 with the preservation purchasers that are backed  
12 by partial public subsidy, who then take the  
13 buildings away from a speculative model and help  
14 to preserve them as - - affordable housing. But  
15 the issue really here is the intent of the  
16 lenders, and whether they're willing to modestly  
17 lower what they could get from vulture investors,  
18 and instead work with not-for-profits and also  
19 for-profit affordable housing lenders. And it is -  
20 -

21 CHAIRPERSON COMRIE: [off mic] Are  
22 you meeting with these - -

23 BENJAMIN DULCHIN: We've had  
24 numerous meetings with BHCR, with HPD, with HFA  
25 and with HDC, and also with the CPC. There's lots

1  
2 of interest in this, it's really sort of will turn  
3 ultimately on the willingness of the banks, 'cause  
4 we know with the single family issue, there's very  
5 little pressure from the federal government, for a  
6 - - to push the banks to accept less than they  
7 could otherwise get on the private market. And  
8 it's certainly the case with the four family  
9 homes; it's even more the case with multifamily  
10 buildings, because they're, those are termed as  
11 "commercial loans," and so with the  
12 overleveraging, the subprime - - seem to be  
13 victimless. We in New York City know that  
14 multifamily residential buildings are full of  
15 tenants and an apartment is a bunch of homes, as a  
16 one-to-four family home is a home, and the victims  
17 in these multifamily buildings are every bit as  
18 much victims as the one-to-fours. And we think  
19 the City has more leverage than they have  
20 heretofore used. All the same institutions that  
21 are responsible for the most devastating  
22 overleveraging, are generally they are holding a  
23 tremendous amount of the City capital in various  
24 investment and depository accounts. This City had  
25 a lot of business dealings with these

1  
2 institutions, that the banks are, and these  
3 investment houses, are taking a lot of profit from  
4 the business deals with the City, and we strongly  
5 suspect that a slightly stronger stance from the  
6 City, even the City Council, could pressure these  
7 lenders to understand that they need to have a  
8 little bit more of a public minded point of view.

9 CHAIRPERSON COMRIE: [off mic] - -  
10 I mean, - - and anyone else - - as well, so that  
11 we can figure out a way to - - and to get - - also  
12 what - -

13 BENJAMIN DULCHIN: Sure, that'd be  
14 good, I mean, HPD is actively--

15 CHAIRPERSON COMRIE: [off mic] - -

16 BENJAMIN DULCHIN: It's, yeah,  
17 yeah, it's about 54,000 apartments that we think  
18 are in danger of default and foreclosure, it is a  
19 tremendous amount. HPD is in good very faith  
20 trying to explore what is a very complicated  
21 problem, and there are no simple solutions to  
22 this. There's a chance that there'll be some  
23 federal regulations that will be helpful. There  
24 really is no simple solution, but the one piece  
25 that really hasn't been used is the City's

1 political and economic leverage to say to the  
 2 banks, you know, "We are investing our number with  
 3 you, we're depositing our money with you, you  
 4 derive a tremendous amount of profit from the  
 5 City's business dealings, you need to have a  
 6 slightly more publicly minded stance as to these  
 7 loans," because our one-on-one interactions with  
 8 the banks has so far not been productive as they  
 9 feel no pressure from the federal government to  
 10 take anything less than they otherwise could with  
 11 these loans. And that's really the issue.  
 12

13 CHAIRPERSON COMRIE: [off mic] - -  
 14 tenants and so 54,000--

15 BENJAMIN DULCHIN: 54,000 are in  
 16 danger of default, total number of units that are  
 17 held in - -

18 CHAIRPERSON COMRIE: [off mic] - -

19 BENJAMIN DULCHIN: Okay, thank you,  
 20 Council Member.

21 CHAIRPERSON COMRIE: [off mic] - -

22 SEEMA AGNANI: - - . Good  
 23 afternoon. My name is Seema Agnani, I'm the  
 24 Executive Director of Chhaya CDC. We are based in  
 25 Jackson Heights, and our mission is to create more

1  
2 stable and sustainable communities by increasing  
3 civic participation and addressing--sorry, he  
4 works for Chhaya, too, he's really a nice guy.

5 [laughs] Our goal is really to address the unique  
6 housing and community development needs of South  
7 Asian Americans, new immigrants and their  
8 neighbors. We, so we're primarily working with  
9 immigrants from India, Pakistan, Bangladesh, Sri  
10 Lanka and the Caribbean, and this district is, as  
11 you know, there are very large Indo-Caribbean and  
12 Trinidadian community, as well, that we're working  
13 with. But since we've become a HUD certified  
14 agency, to be honest, our client base is extremely  
15 diverse. We're, you know, we're working with  
16 African-American, Latino, Caribbean, you know,  
17 representatives of all of New York City. So, the  
18 South Asian community specifically in Southeastern  
19 Queens is estimated at about 50,000. That doesn't  
20 include the very large Caribbean community that is  
21 much more difficult to document because of the  
22 mixed race. And you know, contrary to public  
23 perception, this community is not uniformly  
24 affluent. There are high levels of poverty, as  
25 high as 30 percent among some portions of the



1  
2 community, and high levels of limited English  
3 proficiency. So as with everybody else in New  
4 York City, as new immigrants majority groups come  
5 from New York City after 1985, basically entered  
6 the City during this ongoing housing crisis, and  
7 also at the same time as the peak of the subprime  
8 market in many ways, when home buying was really  
9 at its peak in the community. And so, I think a  
10 lot of these factors led to the fact that the  
11 South Asian community has very much been impacted  
12 by this crisis. We did a less formal study  
13 internally because the data is not disaggregated,  
14 and we found it's as high as 50 percent in certain  
15 districts, of those that are in default, are South  
16 Asian. And unfortunately, Chhaya, as far as we  
17 know, the only organization in the country that  
18 has the language capacity we do to offer these  
19 types of services. And so really, part of the  
20 reason of default, you know, the reason we  
21 established our homeownership program back in  
22 2002, was because we were aware of the predatory  
23 lending issues at that time, and we felt that we  
24 needed to make sure there was a language and  
25 culturally appropriate information. So, I'll try

1  
2 to skip over some of the stuff that has been  
3 addressed already, but I think based on what we're  
4 seeing, just to give you a sense in terms of the  
5 reasons for default, are, you know, high cost  
6 mortgages combined with a loss of income, not  
7 necessarily job loss but a lot of drivers who are  
8 making less on tips, and also those in the  
9 construction industry who are dependent on  
10 overtime wages. So it's a combination of a bad  
11 loan with the loss of income, or if there's an  
12 emergency that occurs, healthcare emergencies,  
13 caused a lot of owners to go into default. Also,  
14 the fact that those with income documentation  
15 issues, such as drivers, in the past at least it  
16 was very hard to show proof of income. And for  
17 that reason, a lot of them ended up getting, you  
18 know, low doc loans. And I think that is causing  
19 problems now because when we're going back to the  
20 banks to apply for loan modifications, we again  
21 have to show income. And I think this is probably  
22 the case with a lot of small business owners, as  
23 well, is how do we present the income when it's  
24 not necessarily easy to document. So I think  
25 that's something that immigrant groups and small

1  
2 business owners like generally will have to really  
3 grapple with and figure out how to work with the  
4 banks on. In terms of the results that we're  
5 getting, you know, we have about 70 owners that  
6 we've assisted in filing applications, and to date  
7 only a few have, a handful have gotten  
8 modifications. The rest are sitting as the other  
9 testimonies have conveyed, the lenders are really  
10 just kind of waiting it out, I think, and we  
11 really have to be aggressive about calling them  
12 and calling them until we get a response. So, I  
13 think, again, the Council can help by continuing  
14 to get the word out, that people should go to the  
15 right agencies, as well. The foreclosure rescue  
16 scams are out of control, they're calling our  
17 offices, even. And--

18 CHAIRPERSON COMRIE: [off mic] - -  
19 your office - -

20 SEEMA AGNANI: Offering us loan  
21 modification. [laughter] You know. We recently  
22 had one client who signed up with Chase Settlement  
23 Services, so we thought it was his bank, Chase  
24 Bank, but it was in fact, you know, a fraudulent  
25 [phonetic] business. And so, it is very serious

1  
2 and if there's something can be done to regulate  
3 advertising in that way, I think it would be  
4 extremely helpful. You know, we're really  
5 concerned about the loss of wealth that's  
6 occurred, and that will continue to occur if we  
7 don't respond to this crisis. The, this is set to  
8 be the greatest loss of wealth among people of  
9 color in the history of the United States. So,  
10 it's, so this community, I feel like Southeastern  
11 Queens, where it is extremely diverse, it's very  
12 important that we sort of come together around  
13 these issues. I really applaud the City for  
14 establishing the Center for New York City  
15 Neighborhoods, I think it's been an incredible  
16 resource, and it's been a good way for use to  
17 coordinate getting resources into our local  
18 communities.

19 CHAIRPERSON COMRIE: [off mic] - -

20 SEEMA AGNANI: Yes, yes, Chhaya did  
21 receive a grant, and you know, I think the lesson  
22 to be learned, we became a HUD certified agency  
23 just as this crisis began to unfold, and so we  
24 were able to access some of the resources. There  
25 are other groups working with immigrant

1  
2 communities that aren't necessary HUD certified.  
3 So, but they also, their communities are in  
4 crisis, the question is how do we help those  
5 groups make sure that their constituents are  
6 getting the information as well. You know, so one  
7 of the things that I wanted to really find out is  
8 that there's a need to build investment capacity  
9 building, of a lot of the organizations that are  
10 not only us that are doing this work, but also  
11 need to help get the word out.

12 CHAIRPERSON COMRIE: [off mic] - -  
13 help the nonprofit capacity - -

14 SEEMA AGNANI: Yes. Absolutely.

15 CHAIRPERSON COMRIE: [off mic] - -  
16 I think you are again, capacity - - the nonprofits  
17 - -

18 SEEMA AGNANI: That would be great.

19 CHAIRPERSON COMRIE: [off mic] - -

20 SEEMA AGNANI: Okay. Thank you.

21 CHAIRPERSON COMRIE: [off mic] - -

22 SEEMA AGNANI: We're doing tenant  
23 rights advocacy, we're working on the predatory  
24 equity. Or course, organizing work that NHD has  
25 been coordinating. And we're doing home buyer

1  
2 assistance, as well. With support from the  
3 Council we've been able to launch these efforts,  
4 so we're doing one-on-one counseling, as well as  
5 public education in the local libraries, we have a  
6 partnership with the - - public libraries. And we  
7 hold workshops there. So, you know, we welcome  
8 any help in getting the word out about what we're  
9 offering.

10 CHAIRPERSON COMRIE: [off mic]

11 Thank you for coming.

12 SEEMA AGNANI: Thank you.

13 CHAIRPERSON COMRIE: [off mic]

14 Thank you - - . - - society, and - - staff  
15 attorney, - - legal service. - - opportunity to -  
16 -

17 Thank you, Councilman.

18 CHAIRPERSON COMRIE: [off mic] - -

19 Whoever would like to start.

20 CAMELA HUANG: - - . Good

21 afternoon, my name is Camela Huang, I'm a Staff  
22 Attorney at the Community Development Project at  
23 the Urban Justice Center. The Community  
24 Development Project at the Urban Justice Center  
25 was formed in September 2001 to provide legal,

1  
2 technical, research and policy assistance to  
3 grassroots community groups engaged in a wide  
4 range of community development efforts throughout  
5 New York City. Our work is informed by the belief  
6 that real and lasting change in low income urban  
7 neighborhoods is rooted in the empowerment of  
8 grassroots community institutions. I'm going to  
9 focus my testimony today on the mandatory  
10 settlement conferences. The mandatory settlement  
11 conference law, New York CPLR § 3408, is an  
12 important step to averting foreclosures, which  
13 have disproportionately affected residents of our  
14 City. According to government, sorry, Governor  
15 Patterson, the law's purpose is to help prevent  
16 New Yorkers from losing their homes.

17 Unfortunately, the settlement conferences are not  
18 serving that purpose. First, the banks who are  
19 plaintiffs in foreclosure cases are ignoring their  
20 obligations under the law. Second, the courts  
21 that manage foreclosure cases are not doing enough  
22 to punish violations or to ensure that the  
23 settlement conferences provide real opportunities  
24 for agreement between banks and homeowners. Under  
25 the mandatory settlement conference law, banks

1  
2 should be making a good faith effort to find a  
3 mutually agreeable resolution to help the  
4 defendant homeowner avoid losing his or her home.  
5 Instead, banks are taking advantage of financially  
6 strapped mortgage holders to discourage  
7 settlements. Banks have refused to discuss  
8 settlement unless homeowners have already provided  
9 detailed personal and financial information before  
10 the settlement conference. The vast majority of  
11 people facing foreclosure are on their own. They  
12 don't have a lawyer or even someone to help them  
13 with the process. By imposing an artificial  
14 requirement on defendants, banks have lined up a  
15 ready made excuse to avoid bargaining. Another  
16 major obstacle to settlement is the banks' failure  
17 to meet their obligations under the new law, which  
18 requires plaintiffs to come to the settlement  
19 conference with someone who is - - . Without the  
20 possibility of a real settlement offer, the  
21 mandatory settlement conferences are utterly  
22 meaningless. Courts should respond when banks  
23 ignore the law, however the courts have not done  
24 enough to reprimand banks who flout the legal  
25 requirements and the intended purpose of the



1  
2 mandatory settlement conference law. Judges  
3 should throw out cases where banks have disobeyed  
4 the law. Dismissal would not end a case, but it  
5 would force the banks to begin the foreclosure  
6 process again. This remedy would send a clear  
7 message to the plaintiffs that they cannot seek  
8 favorable judgments while ignoring court  
9 procedure. If courts are unwilling to impose this  
10 modest sanction, then at the very least they  
11 should postpone the case until the banks can bring  
12 someone with actual bargaining power. If courts  
13 grant foreclosures to banks that refuse to  
14 bargain, it would effectively allow banks to  
15 override the legislature's instructions. Until  
16 the banks are prepared to work with defendants to  
17 reach a settlement, the mandatory settlement  
18 conferences will not serve their intended purpose.  
19 But rather than reprimand banks, instead the  
20 courts have taken the opposite path, and adopted a  
21 rule that speeds up foreclosures. Just last week,  
22 on June 11<sup>th</sup> 2009, while appearing at settlement  
23 conference on behalf of a Jamaica, Queens  
24 homeowner, Urban Justice Center was informed by  
25 the referee in charge of the conferences that the

1 Office of Court Administration has decided not to  
2 allow postponements of any cases involving  
3 mortgages covered by the Making Home Affordable  
4 Plan, based on the incorrect believe that the MHA  
5 prohibits a foreclosure auction of mortgage  
6 property. The Office of Court Administration's  
7 reasoning is that even if the home is foreclosed  
8 on, the homeowner won't be evicted unless the  
9 house actually goes up for auction. This is wrong  
10 on many levels. In reality, MHA eligible homes  
11 are fore--that are foreclosed, can and will be  
12 auctioned off. Even if there were a ban on  
13 auctions, nothing prevents the bank from evicting  
14 a former owner as soon as the house is foreclosed.  
15 The court's rule will also prevent people from  
16 participating in the MHA program. As was reported  
17 last week by the New York Times, applicants for  
18 loan modifications often wait more than 60 days  
19 for a response, which is more than enough time for  
20 the banks to obtain a judgment of foreclosure and  
21 sale. According to that same referee, the purpose  
22 of the no-adjourment rule is to void court  
23 congestion and indefinite postponements. The  
24 irony here is that loan modification under MHA is  
25

1 far more structured than other settlement talks.  
2 Instead of rushing MHA cases past the settlement  
3 phase, courts should take advantage of the built-  
4 in procedures in the federal program. When a loan  
5 is MHA eligible, the court can direct the loan  
6 servicers and homeowners to follow the program's  
7 detailed checklist of steps and to come back with  
8 a result. Either the steps will lead to a  
9 settlement and the case is withdrawn, or the  
10 parties will both agree that foreclosure is the  
11 only option. Based on our experiences, we've  
12 developed a set of concrete recommendations. One,  
13 make sure someone with authority to settle appears  
14 at the conference. If the homeowner has provided  
15 information necessary for the bank to assess a  
16 modification, there should be someone who can sit  
17 down with the homeowner and provide clear  
18 instructions on how to get a loan modification and  
19 what a loan modification would look like. Two,  
20 make preconditions to settlement clear. If the  
21 bank wants to require that homeowners have filled  
22 out certain applications or provided certain  
23 documentation prior to a loan modification, make  
24 this precondition clear and known to the homeowner  
25

1 well in advance of the settlement conference, so  
2 that the homeowner can get assistance in meeting  
3 these requirements. Three, dismiss cases for bad  
4 faith dealing. Where the bank or its  
5 representative demonstrates bad faith in failing  
6 to be prepared for the conference, the court  
7 should dismiss the bank's case entirely. Four,  
8 allow adjournments for parties working toward  
9 settlement. The settlement process is complex and  
10 cannot always be resolved in a single meeting.  
11 For example, a loan servicer may need additional  
12 financial information from a borrower that is not  
13 readily available. Where both parties are willing  
14 to continue working towards loan modification, the  
15 court should respect the legislature's preference  
16 for settlement and grant an adjournment. Five,  
17 ensure that MHA eligible parties follow federally  
18 prescribed procedures. The court should create a  
19 separate track for homeowner eligible for federal  
20 relief. Specifically, the courts should grant  
21 time to determine eligibility. Where the  
22 homeowner is interested in a loan modification and  
23 meets the basic criteria of MHA plan, the court  
24 should enter a stay directing the loan servicer to  
25

1 determine the homeowner's eligibility.

2 Alternatively, the court should postpone the case  
3 to give the lender sufficient time to determine  
4 eligibility. Two, order parties to follow MHA  
5 procedure. When a homeowner can affirmatively  
6 show MHA eligibility, the court should enter a  
7 stay, and only allow the parties to return to  
8 court for one of two options: either a withdrawal  
9 of the case after a successful loan modification,  
10 or an affirmative showing that the homeowner  
11 cannot pay, even after MHA modification. Six, at  
12 minimum, end the prohibition on adjournments for  
13 MHA qualified loans. Even if courts are unwilling  
14 to take the affirmative steps above, judges should  
15 not obstruct participation in MHA, in making a  
16 home affordable plan by rushing these cases  
17 through the foreclosure system. By singling out  
18 beneficiaries of the federal program, foreclosure  
19 courts are denying settlement opportunities to  
20 homeowner with the greatest need. Thank you.

21 CHAIRPERSON COMRIE: [off mic] - -

22 APRIL NEWBAUER (assumed): Thank  
23 you. I'm trying my best Council Member, and I  
24 want to thank the Committee and especially you for  
25

1  
2 your giving the Legal Aid Society the opportunity  
3 today to testify about the ongoing foreclosure  
4 crisis here in Southeast Queens, and indeed it is  
5 ongoing. As you know, we were part of the  
6 original Council pilot project here called PACE,  
7 and are now a network partner with the Center for  
8 New York City Neighborhoods, and that has allowed  
9 us to establish a two day a week legal clinic  
10 which we operate out of the Queens Civil Court, to  
11 assist homeowners and also tenants who are in  
12 foreclosed properties. The Furman Center has  
13 documented that tenants are among the 40 percent  
14 of people affected by the foreclosures, and  
15 they're the unseen victims of the foreclosure  
16 crisis. And we have been doing round the City  
17 training sessions on the rights of tenants, we  
18 have guides for tenants, and nr September 24<sup>th</sup>, we  
19 will be cosponsoring the - - with the borough  
20 president; we will also be asking you, Council  
21 Member, to cosponsor our training session on the  
22 rights of tenants. I will not, I will--

23 CHAIRPERSON COMRIE: [off mic] - -

24 APRIL NEWBAUER: Thank you. I will  
25 not reiterate what has been said by my colleague.

1  
2 We are part of a coalition that proposed model  
3 rules to the Office of Court Administration and  
4 are part of the training program which Michael  
5 Hickey mentioned, to educate the courts. We do  
6 believe that in some ways, the court is not  
7 following the law, and that - - see why. Not one  
8 conference that has been held in the City of New  
9 York, not one settlement conference has actually  
10 been attended by a lender representative. It is  
11 only the bank's attorney who shows up unprepared  
12 and not ready to really engage in meaningful  
13 settlement conferences. And that is really  
14 something that violates the statute that the State  
15 legislature passed. There are some other measures  
16 that the governor has proposed in his program bill  
17 that we worked on him with, we think can correct  
18 some of the other abuses in the settlement  
19 conference process, including the fact that the  
20 litigation proceeds while the settlement  
21 conference is being held, and that can be even a  
22 court appearance for the homeowner at the exact  
23 same time as the settlement conference, which they  
24 default on while they're appearing in the  
25 settlement conference. That's how ironic and

1  
2 tragic that is. So, no one knows what's going to  
3 happen in Albany, but we do hope that the  
4 governor's program bill will eventually reach a  
5 vote and be passed by the legislature to correct  
6 some of the other problems that the original  
7 legislation did not anticipate. I'm going to now  
8 focus my comments, because I know I only have  
9 about one minute, on the things that the Council  
10 specifically can do in the foreclosure crisis here  
11 in Queens. Unfortunately, a majority of  
12 homeowners are still not appearing in court, for a  
13 variety of reasons, including being overwhelmed,  
14 mistrustful of official mail from the court that  
15 may just be another foreclosure rescue trap for,  
16 or being actively discouraged by the bank from  
17 participating in court, if they are engaged in the  
18 loan modification. So, we believe that anything  
19 that the Council Members can do in their district  
20 to encourage homeowners to get the proper  
21 assistance and call the 311 hotline to be referred  
22 to our legal clinic and to other resources, is  
23 something that, a concrete step that can be taken.  
24 You have also heard a lot about the for profit  
25 debt modification and rescue relief scams, the



1  
2 agencies that are operating in the City. They may  
3 be housed outside the City, but they do call in,  
4 and they do contact our homeowners here, our  
5 borrowers here in Queens County. We have yet to  
6 see a beneficial settlement come out of a private  
7 loan modification company, and we are working with  
8 the attorney general's office in investigating  
9 several of these companies for prosecution.  
10 However, just like the debt buyer licensing bill,  
11 which Council Member you sponsored last,  
12 cosponsored last year, we think that the City  
13 could take an active role if they licensed loan  
14 modification companies, and required them--

15 CHAIRPERSON COMRIE: [off mic] - -

16 APRIL NEWBAUER: --to--

17 CHAIRPERSON COMRIE: [off mic] - -

18 APRIL NEWBAUER: We believe that  
19 would be a positive step for oversight in the  
20 industry, just like the debt buyer bill. One  
21 other thing I want to mention, this is something  
22 that no one else has said as of yet, is that some  
23 homeowners, especially the elderly and disabled,  
24 are vulnerable to foreclosure because of unpaid  
25 water bills with tax liens that are sold off by

1  
2 the City. Many of these homeowners have no  
3 mortgage, or have significant equity in their  
4 homes, but could be foreclosed and even become  
5 homeless because of a relatively small amount of  
6 unpaid charges. There are some not-for-profit  
7 organizations which provide relief to homeowners  
8 under these circumstances, but they need to be  
9 publicized, such as the New York Times neediest  
10 cases fund. But just last week, we prevented an  
11 elderly homeowner from succumbing to a water bill  
12 lien because she didn't know about these  
13 resources, when she owed less than three percent  
14 of the value of her equity. We propose that the  
15 City create a category of nonperforming liens,  
16 that would not result in foreclosure for senior  
17 citizens and disabled homeowners who have  
18 significant equity in their homes, to cover the  
19 lien upon sale rather than forcing them into  
20 foreclosure, homelessness or bankruptcy.

21 CHAIRPERSON COMRIE: [off mic] - -

22 APRIL NEWBAUER: And there's also  
23 the category of the non-senior disabled who also  
24 they have even the same circumstances, even though  
25 they have a lot of equity in their home. Finally,

1  
2 although we did not carefully review the  
3 resolution because we did not receive it until  
4 after we had prepared our testimony, we do support  
5 bankruptcy reform efforts and the resolution as  
6 far as we understand it. And we encourage the  
7 Council to take action as proposed by Mr. Belchin  
8 [phonetic]. We have sued bank properties, we are  
9 in an active court case against them, and they are  
10 continuing to harass tenants and engage in what we  
11 consider to be deceptive business practices, which  
12 is what we sued them for. So I'd like to just  
13 thank you again for inviting us here, and of  
14 course if you have any questions, I'll be glad to-  
15 -

16 CHAIRPERSON COMRIE: [off mic]

17 Thank you.

18 ADAM COHEN: My name's Adam Cohen.

19 CHAIRPERSON COMRIE: [off mic]

20 Just say your name for the record, name and - -

21 APRIL NEWBAUER: I'm April  
22 Newbauer, attorney in charge of the Legal Aid  
23 Society's Civil Practice in Queens County.

24 ADAM COHEN: I'm Adam Cohen, I'm a  
25 Staff Attorney at MFY Legal Services' Foreclosure

1  
2 Prevention Project in Manhattan, - - of Queens and  
3 Staten Island. Since we're overtime, and you  
4 know, - - everyone basically covered everything.  
5 I just, I'm going to just not, you know, read my  
6 testimony, and just ask me any questions, and I'd  
7 be happy to answer them, - - .

8 CHAIRPERSON COMRIE: [off mic] - -  
9 do you have the - -

10 ADAM COHEN: It depends. Our  
11 clients, many of our clients in Queens,  
12 particularly in Queens, are mentally or physically  
13 disabled, so if they are mentally or physically  
14 disabled we go to their house, you know, usually.  
15 If not, we try to get them to come to our office  
16 in Manhattan, but if not we go out to them. Same  
17 thing with Staten Island.

18 CHAIRPERSON COMRIE: [off mic] - -

19 ADAM COHEN: Yeah, it, absolutely  
20 is. I think I was the person that delivered that  
21 letter to your office, yes.

22 CHAIRPERSON COMRIE: [off mic]  
23 Thanks for getting it - -

24 ADAM COHEN: Yes, even though we're  
25 in Manhattan, I am constantly on the subway, so

1

2 it's perfectly fine.

2

3

CHAIRPERSON COMRIE: [off mic] - -  
4 we can work that out.

4

5

ADAM COHEN: Understood.

6

CHAIRPERSON COMRIE: [off mic] - -

7

ADAM COHEN: We're not, we're going  
8 to reapply - - at the end of the summer.

8

9

CHAIRPERSON COMRIE: [off mic]  
10 Okay. And had we - - the two programs - -  
11 programs - -

10

11

12

ADAM COHEN: I'll bring it up with  
13 the manager on my project in my firm, but I'm not  
14 familiar with it.

13

14

15

CHAIRPERSON COMRIE: [off mic]  
16 Okay. And how many cases have you worked on as -  
17 -

16

17

18

ADAM COHEN: Nine litigation, cases  
19 in litigation in Queens and Staten Island, and  
20 about 25 settlement conferences.

19

20

21

CHAIRPERSON COMRIE: [off mic]  
22 Thank you for - - opportunities for - - . Thank  
23 you for everything - -

22

23

24

ADAM COHEN: Thank you.

25

CHAIRPERSON COMRIE: [off mic] The

1  
2 last panel - - Directive Learning for the - -  
3 Foundation, - - from - - , Andrew - - from - - .  
4 [pause, background noise] - -

5 DUANE JONES: Yeah, it's Duane  
6 Jones, I'm the Director of Lending for the  
7 Parodneck Foundation. And just brief, the  
8 Parodneck Foundation, we've done senior home  
9 repair rehabilitation citywide, since 1986. In  
10 the process of that, we got kind of the early  
11 edges of the predatory lending problem as we were  
12 intaking senior applicants with excessive mortgage  
13 debt loads. So that became the genesis of our  
14 efforts to do predatory lending intervention.  
15 What I want to talk about today is what the  
16 current crisis is, is the subject of the hearing  
17 is, and what our response has been. What we've  
18 seen, really, is just the stuff that we were doing  
19 in the late '90s hasn't changed all that much,  
20 it's just the intensity of the - - . Seniors have  
21 more mortgage debt; in fact we did a study of our  
22 intakes since January, which have spiked to about  
23 92 percent from 2008. And what we saw in that was  
24 about a 60/40 split. For homeowners whose primary  
25 issue was home repair, senior homeowners, they had

1  
2 about a 32 percent debt to income ratio, that's  
3 your principal interest tagged as insurance, as a  
4 percentage of your household income. And they had  
5 about a \$37,000 annual income. For senior  
6 homeowners whose primary issue was a defaulting  
7 unaffordable mortgage, they had a 92 percent debt  
8 to income ratio, and \$39,000 income, annual  
9 income. So, what was obvious to us, and  
10 increasingly more obvious to us, was what we had  
11 to do in terms of a package of services. Most of  
12 the housing stock that the seniors were in dates  
13 back to the early 20<sup>th</sup> Century. It's  
14 deteriorating, they don't really have the funds  
15 under any of their conditions, stable or  
16 otherwise, to do a lot of maintenance on the  
17 homes. Then being confronted with the layering of  
18 the mortgage debt crisis, increase in utility  
19 costs, this package of services is essentially  
20 energy efficiency retrofits, home repairs, secured  
21 and unsecured mortgage debt relief. What we've  
22 tried to do at Parodneck is really retain the type  
23 of staff that can not only originate a loan, but  
24 can really do the hardnosed negotiation and do a  
25 loan workout, and credit repair. And I think that

1  
2 we've done that fairly successfully. What I want  
3 to do is move ahead to kind of what--we are an - -  
4 partner with the Center for New York City  
5 Neighborhoods, and I think that that's been a  
6 tremendous benefit to creating a pool of housing  
7 counselors that are not only trained but have a  
8 standardization of best practices that are  
9 reliable for more homeowners. In the past, that  
10 might not have always been the case, where a  
11 homeowner was going to find good, nonprofit  
12 intervention. So, in addition to that, I think  
13 what the Center has also done, within the network,  
14 and I'm hoping that this expands, but there's  
15 really a community, an online community, that is  
16 challenging and changing real time intelligence  
17 about how to approach the lenders, what lenders  
18 are incompetent, what lenders and what back door  
19 avenues are working. So, you get that in real  
20 time, in this online community, I think it's been  
21 a tremendous benefit for the housing crisis and  
22 the network. The last thing that I really want to  
23 focus on in this combination of deterioration of  
24 homes, so there's a need for home repair in these  
25 homes, in these houses, for people that are lease



1  
2 capable, there has been a - - pullback of funding  
3 for - - program. And I hope that would be  
4 something the City Council could take a look at.  
5 The thing that, from the public policy--

6 CHAIRPERSON COMRIE: [off mic] - -

7 ADAM COHEN: HPD, HPD, right,  
8 right, right. And I think that's through, by  
9 Office of Management and Budget, but I would hope  
10 that would be something you guys could take a look  
11 at.

12 CHAIRPERSON COMRIE: [off mic] - -

13 ADAM COHEN: Right. [laughs]

14 CHAIRPERSON COMRIE: [off mic] - -

15 ADAM COHEN: Right.

16 CHAIRPERSON COMRIE: [off mic] - -

17 ADAM COHEN: And then, just to  
18 build a kind of a, the public, kind of public  
19 policy regulatory framework, I mean, the fact that  
20 there has been a change to that area, because it  
21 was, in 2005, and where it performs, and the  
22 outreaches, and the congressional listening tours.  
23 It was just depressing, because everybody knew  
24 what the problem, everybody saw what was coming  
25 down the tracks, but there was just this

1  
2 resistance for just the, of - - , we don't know  
3 how big the problem is, you know, we don't want to  
4 bail out homeowners, we don't want to bail out  
5 lenders. And obviously the do nothing strategy  
6 led to where we are today, where we are today.  
7 So, we're very happy with just the fact that there  
8 are these conferences, or conferences, because it  
9 gives the opportunity to change the court from the  
10 auctioneer's venue to something that can actually  
11 be shaped and reformed into a place that will save  
12 people's homes. So, we're looking forward to  
13 that. People like - - and April being one of the  
14 leading members of that, NEDAP [phonetic], they've  
15 done an excellent job with really giving, laying  
16 groundwork that gives us more hope and space to  
17 operate with our homeowners. And the last thing  
18 that I would just say is, in all of this, really,  
19 what - - really looked at is, there's a senior,  
20 today it's a rainy day. There's a senior, our  
21 phones are burning up right now with a senior with  
22 a - - . And so, irrespective of what's going on  
23 with that mortgage, what's going on with the tax  
24 arrears, the walls are wet and the ceiling's wet  
25 and we have to put a roof on the house. And so,

1

2

those are the things that we want to make sure that we're able to do going forward, and that's why I'd really like you guys to take a look at that - - information. Thank you.

6

CHAIRPERSON COMRIE: [off mic]

7

You're welcome, thank you. Thank you for coming in. Ms. Keyes.

8

9

MARTHA KEYES: My name is Martha

10

Keyes, I'm a broker and owner of Supreme Choice - - Realty. And for the past ten years, I've been working exclusively in the foreclosure area.

11

12

13

First of all, Councilman Leroy Comrie, I want to thank you personally, and thank God you're doing what you're doing, and your Committee is doing what you're doing, because there are very few people out there that are moving ahead in this area. We have a Congress that doesn't really

18

19

understand the problem. But those of us who are on the ground have a very close association and

20

21

understand this problem. There are about 10,000 homeowners in Queens in foreclosure. And right

22

23

now, as other speakers have verified, we have what we would call a war zone out there. I think Greg

24

25

Maldonado explicitly laid it out extremely well,

1  
2 because we are so many competing groups now that  
3 are unscrupulous. We have banks that are not  
4 functioning, and are not lending. And we have a  
5 homeowner who is really the victim in this  
6 situation. Without funding here, there is no  
7 power. And we cannot do anything without the  
8 funding. On Tuesday, JP Morgan Chase paid back  
9 \$25 billion in TARP funds, back to the federal  
10 government, saying "We don't need it," well maybe  
11 they don't need it, but homeowners do need it.  
12 There was, no one has stepped up to the plate  
13 saying, "You, the banks, have to put this money  
14 back into the community, and help fund some of  
15 these programs." They are sitting on the money  
16 that they have. Chase is a home bank here, we're  
17 they're bread and butter. But still, they are  
18 refusing to refinance. Having recently talked  
19 with Chase broker, he said, "It's like pulling  
20 teeth," he's been sitting on refinances for six  
21 months. And the bank is refusing to do it. When  
22 banks do the modification, a very few of them do  
23 go through. And while the people are sitting  
24 there with the modification, they're losing  
25 valuable time, in terms of August auctions. This

1  
2 is what we in the real estate business call  
3 "dragging." In other words, banks are dragging  
4 the homeowner with promises of loan modifications  
5 and refinancing, some of which may never go  
6 through. We are still in the middle of a  
7 downturn; there's over a million people that lost  
8 their jobs in I believe this year. And all those  
9 people are going to be foreclosing on their  
10 mortgages also. - - and then they will go up.  
11 So, the New York Times reported that there is 15,  
12 over 15 million homes in foreclosure in this  
13 country. And the - - occupation - - \$100,000 - -  
14 So, we can all feel that there's tremendous slow  
15 down, and it has to do with - - contracting banks.  
16 There are - - of what they used to be. And with  
17 refinancing, it's extremely slow. As I said,  
18 Chase, as an example, will not do the refinancing.  
19 Other banks have turned, we made - - into - - into  
20 a home equity loan, and saying that we will not  
21 close because it's a home equity loan, and they  
22 gave the money to the homeowner, which - - they  
23 did not. The statistics among our - - are 59  
24 percent reduced payments, 29 percent increased,  
25 and 12 percent stayed the same. Where it calls

1  
2 for - - Let me bring up another barrier which has  
3 been mentioned this afternoon, and that's the area  
4 of short sales. Because although this does not  
5 enable the person to stay in the house, it does  
6 enable the person to sell the house with - - and  
7 get out of the consuming debt situation. Banks  
8 are doing short sales now. And many of the people  
9 I see are completely under water. There's no way  
10 that they can refinance, there's no way they can  
11 get a modification, because they've modified and  
12 modified, refinanced, and they're just nothing  
13 there for the bank to work on. And so, what we  
14 urge people to do is do everything at once.  
15 They're not in a position where they can try to -  
16 - , if that doesn't work, they go on to the next.  
17 We tell them to do everything at once. If you  
18 want to refinance, refinance; if you want to loan  
19 modification, go ahead. Also, put your - - so  
20 perhaps we can get you out with your dignity and  
21 we can move on to the - -. This - - of course is  
22 a very - - and we're constantly working with,  
23 there's people not making decisions. No decision  
24 is a decision, and this is what I counsel people  
25 on. That if you don't decide to do something,

1  
2 then your house will go to auction. So, I suggest  
3 two major things. One is what can be done? And  
4 that is, Councilman, I hope that the Council will  
5 take this Resolution and enlarge it, or perhaps do  
6 another one, in terms of the Congress. The  
7 Congress has to know the banks must - - to help  
8 the homeowner. Now, the reason they gave the  
9 money back to the federal government is because  
10 they didn't like the ties the federal government  
11 had on that money, such as compensation. The  
12 Congress is in a position to mandate - - go back  
13 and help the homeowner. And of course, part of  
14 the reason we're in this mess, as those of us  
15 know, is that illegal people have done  
16 unscrupulous things. And they've gotten  
17 homeowners into situations that they could not  
18 possibly afford to begin with. Recently, a man  
19 called up my office, he couldn't speak English, he  
20 couldn't write, - - there's no way he could  
21 represent or pass an agent's test or begin to  
22 write that. So, I hope that I'll be able to work  
23 with you and your Committee in terms of  
24 legitimizing people who are out there - - and who  
25 are working with homeowners. Thank you very much.

2 [file MZ00001]

3 SARA GRIEF: My name is Sara Grief  
4 [phonetic]. I did not write an essay, just what  
5 I'm going to say, will be coming from my heart. I  
6 had a mortgage, and I'm a retired senior, very  
7 much senior and thus retired. I had a mortgage.  
8 It was kind of high, so I got many calls about  
9 remedification. I decided, "Okay, I'm going to go  
10 to this program and reduce my payments," which I  
11 did. I paid \$4,000 to a company over a period of  
12 time, I didn't get a response, my mortgage still  
13 was coming in or anything. I got very nervous of  
14 the actions. Anyhow, I'm a very trained person, I  
15 said that's - - I can manage it. I'm a Sabbath  
16 keeper, one Sabbath I came home from church, my  
17 grandson gave me a package. Lots of pages, and he  
18 said to me, "Nana, you need to read this." I  
19 said, "No, I'm not reading, it's the Sabbath." He  
20 said, "You need to read this, it's stated you're  
21 in foreclosure and your court date is May the 26<sup>th</sup>  
22 to go to court." Very - - very dramatic, I said,  
23 "Please, you go to sign." Anyhow, I took it up at  
24 sunset, and I read it. I was shaking like a leaf,  
25 I didn't know what to do. I, only thing I did, I



1 saw the - -, I said, "Lord, what can I do here?"  
2 Foreclosure? I paid this company and I don't know  
3 what's happening. However, I rented a - - called  
4 - - and - - and I read in the paper where Congress  
5 - - office. I went there, and I spoke to one of  
6 the employees sit here, and I told her what was  
7 taking place and everything, I show her the  
8 package. Quoting her, she said, "Oh, you're in  
9 trouble. What are we going to do? What can we  
10 do? I said, "- - only thing I can do, I'm going  
11 to go to the restroom, I'm very nervous, and  
12 pray." And I prayed, I came back, and she's  
13 called the company, she said, "This is - - going  
14 to go to court. Go with - - you got to go to  
15 court, and what's happening." And so we don't  
16 know, this is what's going to take place. - - she  
17 got in touch with Congressman - - and something  
18 was resolved, it came up on the phone, I was there  
19 from 3:00 o'clock until 8:00 o'clock that night,  
20 they call back and said they going to remodify my  
21 mortgage for me, and reduce the payments. So I'm  
22 just here to let you know that help is out there  
23 and I was very grateful to - - and for the - - for  
24 helping me. My mortgage reduced and I can manage  
25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

with what I have now. Thank you for listening.

CHAIRPERSON COMRIE: Thank you for that. - -

MALE VOICE: Thank you, Council Member. Thank you, - - . I just want to thank - - people - - foreclosure, - - personally and the Council, when you did a bankruptcy bill a couple of years ago. I, you know, thank her for all of her, you know, work for people, not that many people know this issue, the depths that she knows it and knows that you know it, don't, you know, do all the good things that she does with that knowledge. So, thank you, Martha, - - and I appreciate your continued work on behalf of people who are just trying to, you know, get by with their lives and dignity. So, thank you for that.

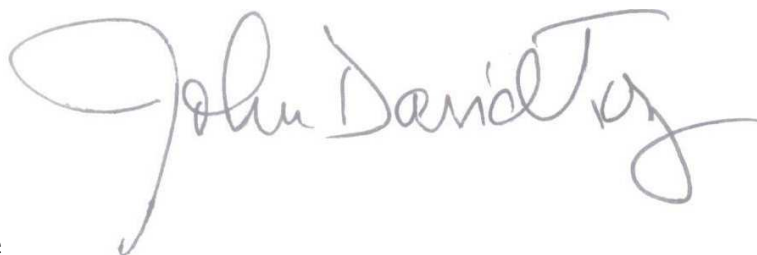
CHAIRPERSON COMRIE: I want to thank everyone for coming today. I want to thank all of the people that testified, and I want to thank again - - and - - and his staff. I want to thank Damien and Lacey for coming back to Queens, and all of the Council staff for being here as well. I hope that everyone has an opportunity to - - everybody's gone and - - the private parking

1  
2 people had to get back to do other things. But I  
3 think that I know I've learned a couple of  
4 additional things today that unfortunately I did  
5 not want to learn, but clearly we have to go and  
6 continue to fight to make sure that we do  
7 everything possible to stay ahead of, at least  
8 stay in pace with all of the twists and turns and  
9 twists been going on with the mortgage foreclosure  
10 crisis. 'Cause they're also that there are many  
11 times there will be in jeopardy because of  
12 speculative purchases of multi-dwelling units or  
13 something that we're going to have to deal with a  
14 Council, as well, and I look forward to working  
15 with all of the entities that were here today, to  
16 try to make - - stronger in your efforts and your  
17 advocacy. And I want to thank you for your  
18 advocacy and continue to - - do whatever's  
19 necessary to raise your voices so that we can get  
20 you the help you deserve. With that, I'll adjourn  
21 the meeting. Again, thanks all of the people,  
22 thank my staff and my interns for being here, all  
23 day, and I look forward to talking with all of you  
24 again soon. Thank you. [gavel]

25 [background noise]

C E R T I F I C A T E

I, JOHN DAVID TONG certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

A handwritten signature in cursive script that reads "John David Tong". The signature is written in a dark ink and is positioned above the printed label "Signature".

Signature

Date August 11, 2009