

PACE

Presentation by Sarah Ludwig, NEDAP

Current Best Practices in Foreclosure Prevention

Forum sponsored by the Federal Reserve Bank of New York
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Presentation by NEDAP

PACE

Protecting Assets & Community Equity

NYC Foreclosure Prevention Initiative

- Unprecedented partnership
- Focus on predatory lending in NYC
- Full spectrum of foreclosure prevention services

PACE Partners

- HPD – Division of Anti-Abandonment
- South Brooklyn Legal Services
- The Parodneck Foundation
- NEDAP
- Community group partners
- Lending institutions

Predatory Lending in NYC Context

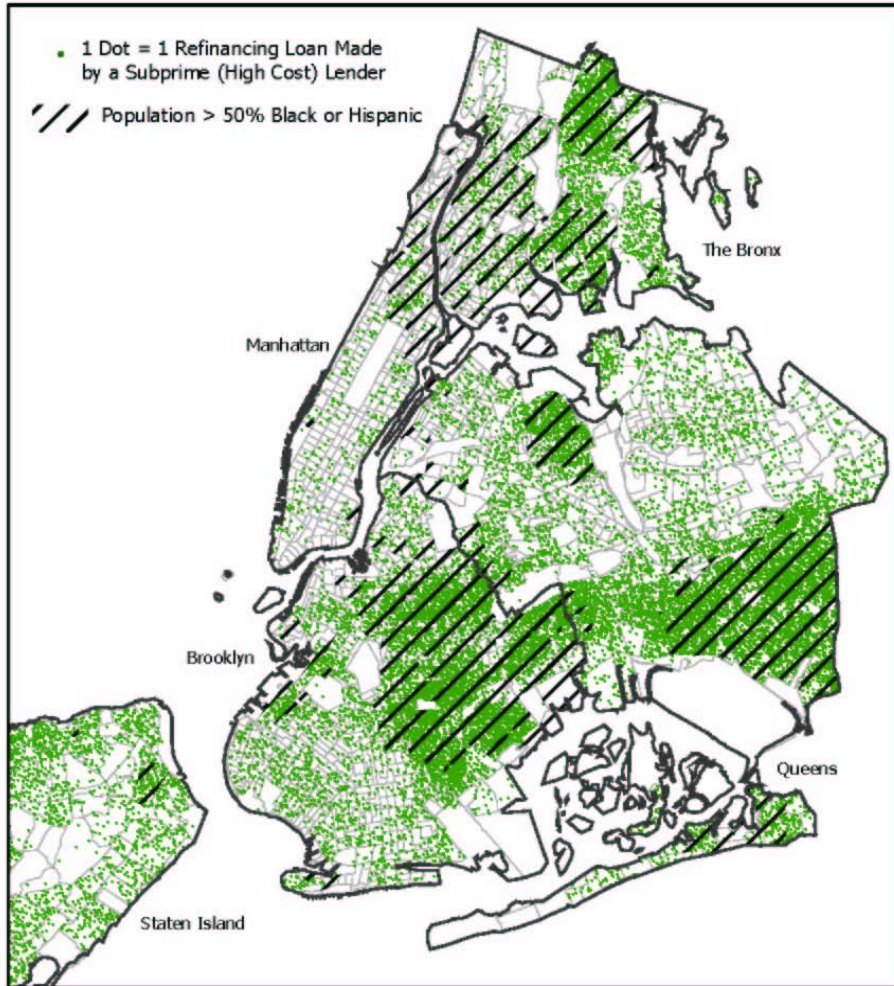
- NYC - unique, dynamic market
 - Enormous equity
 - Equity scams are profound and entrenched
 - Overwhelmingly race-related
 - Neighborhoods typically underserved by mainstream lenders
 - Historically a city of renters

PACE GOALS

- Strategically target homeowners in high-risk neighborhoods
- Build a sustainable community infrastructure
- Conduct extensive preventive outreach
- Promote best practices

HIGH-COST REFINANCING MORTGAGES

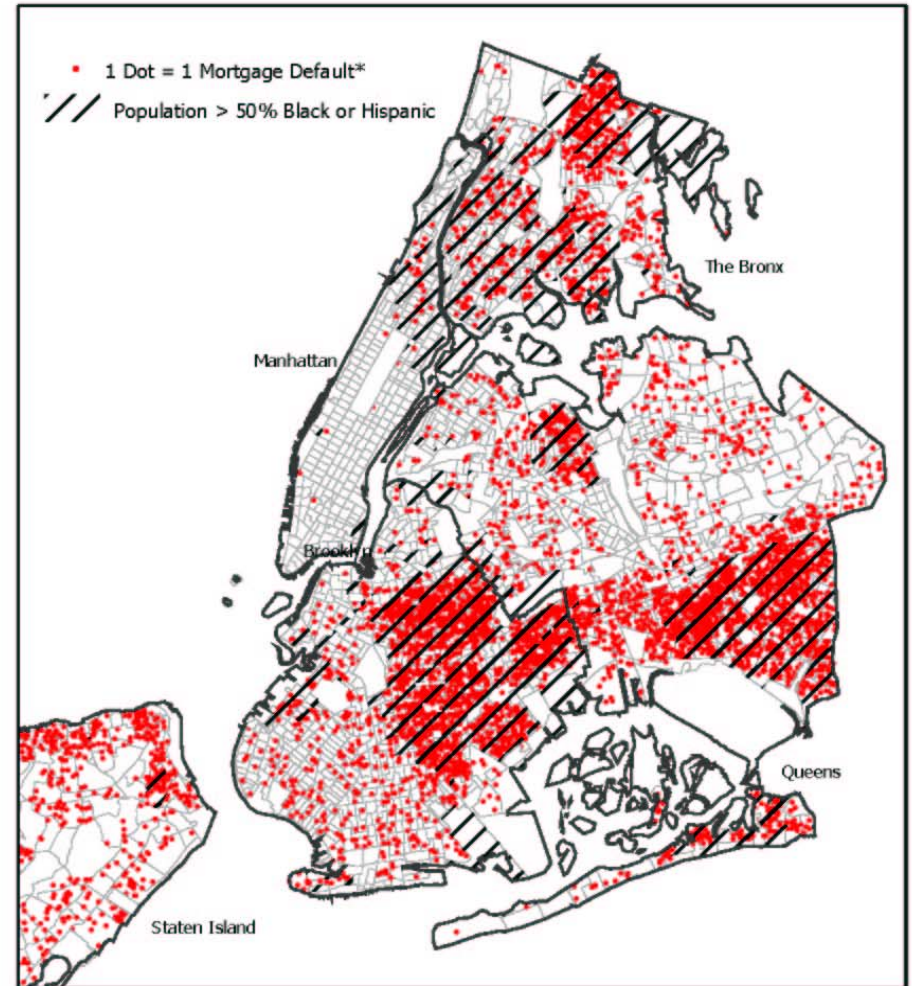
New York City



Sources: U.S. Census (2000); Home Mortgage Disclosure Act data (2003); HUD List of Subprime and Manufactured Home Lenders

FORECLOSURE PATTERNS

New York City



Sources: Profiles Publications; U.S. Census (2000)
*based on lis pendens of mortgage default filings on 1-4 family homes (6/7/04 - 5/30/05)



Prepared by the Neighborhood Economic Development Advocacy Project (NEDAP)
212-680-5100 / www.nedap.org

Problems PACE Addresses

- Refinancing scams
- Property flipping
- “Foreclosure rescue” scams
- Non-traditional mortgages

Populations Served

- Homeowners
 - Facing foreclosure
 - Seeking to refinance or obtain home improvement loans
 - Seniors
- 1st-time homebuyers
- New immigrants
- The “unbanked”

Marketing Strategy

- Direct mail
- Bus shelters
- Community outreach
- Neighborhood flyering
- Community newspapers
- Radio

Key Components

- Direct marketing
- 311 call center
- Community-based groups
- Legal services
- Loan remediation
- Prevention
- Responsible Lending

Accomplishments

Oct. 05-Aug. 06

MARKETING & EDUCATION:

- Mailings sent to 24,000 homeowners in target zip codes
- 200 bus shelter ads posted
- 2,000 PACE brochures mailed to 311 callers inquiring about homeownership
- 50 community workshops held
 - 1,500 homeowners and 1st-time homebuyers educated

Accomplishments

Oct. 05-Aug. 06 (cont'd)

FORECLOSURE PREVENTION:

- **530** client intakes
- **84** homeowners counseled
- **129** prospective homebuyers counseled one-on-one
- **3** auction sales postponed
- **46** homeowners' predatory loans remediated through refinance, reverse, home improvement loans

Accomplishments

Oct. 05-Aug. 06 (cont'd)

FORECLOSURE PREVENTION:

- For **13 homeowners** targeted for predatory loans - litigation initiated or *pro bono* referrals made
- **35** homeowners given legal advice and/or assistance.
- Loss mitigation **for 13** homeowners

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Accomplishments

Oct. 05-Aug. 06
(cont'd)

- **\$3,038,500** in equity saved due to taxes or mortgages coming current
- **\$3,159,088** in reverse mortgages

Current PACE Supporters

- Astoria Federal Savings
- Citibank Foundation
- Deutsche Bank Americas Foundation
- Fannie Mae
- Freddie Mac
- HSBC USA
- Independence Community Foundation
- JPMorgan Chase Foundation
- M&T Bank Charitable Foundation
- North Fork Bank
- Washington Mutual
- Starr Foundation

What banks can do to support PACE

- Provide financial and in-kind support
- Work with other lenders and PACE partners to develop and market sound loan products and expand their availability in target neighborhoods
- Work with borrowers – from loss mitigation to more complicated solutions, as needed
- Participate in PACE Lenders' Committee
- Refer homeowners and others to PACE

