PACE

Presentation by Sarah Ludwig, NEDAP

Current Best Practices in Foreclosure Prevention

Forum sponsored by the Federal Reserve Bank of New York
November 2, 2006

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

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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

*Presentation by NEDAP*
HIGH-COST REFINANCING MORTGAGES
New York City

- 1 Dot = 1 Refinancing Loan Made by a Subprime (High Cost) Lender
- Population > 50% Black or Hispanic

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

FORECLOSURE PATTERNS
New York City

- 1 Dot = 1 Mortgage Default*
- Population > 50% Black or Hispanic

* 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
- 1\textsuperscript{st}-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

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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

*Presentation by NEDAP*
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

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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

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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