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New York State Legislature  
Joint Budget Hearing  
Housing

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My name is Antonia Besculides. I am the Executive Director of Western Catskills Community Revitalization Council, Inc. and I submit this testimony in support of continued funding for New York's Home Ownership Protection Program ("HOPP"), which is the sole source of funding for the statewide network of housing counseling agencies and legal services agencies providing foreclosure prevention and homeownership preservation services for New York's struggling low and moderate income ("LMI") homeowners. We are grateful to have been included in the Governor's Executive budget proposal at the required \$40 million and need the support of both the Assembly and Senate to ensure this critical program is funded at the same amount in the Enacted Budget.

Western Catskills Community Revitalization Council, Inc. ("WCCRC"), a rural preservation company headquartered in Stamford, NY, has been serving portions of Delaware, Schoharie, and Greene counties in rural Upstate New York for over forty years by providing homeownership programs, owner-occupied rehabilitation programs, housing and financial counseling, Main Street revitalization, and business and economic development. The high poverty rate and the lack of economic opportunities throughout the area that we serve require dedicated resources and sustained efforts to assist homeowners and maintain the quality of life in rural New York.

The Network urges inclusion of S.2627 (Kavanagh) / A.1625 (Solages) in the one-house and adopted budgets to enshrine the HOPP program into law, affording homeowners consistent protections moving forward. This is especially critical as the new federal administration has taken serious actions to weaken financial regulators including the Consumer and Financial Protection Bureau and the Federal Trade Commission.

Across New York State, the HOPP network comprises approximately 90 non-profit housing counseling and legal services providers who help New York homeowners, coop owners and condo owners avert homelessness and displacement by preventing avoidable mortgage and tax lien foreclosures, who combating mortgage fraud, deed theft, loan modification and partition scams, and who challenge predatory and discriminatory lending and abusive mortgage servicing practices that disproportionately impact New York's most vulnerable communities—seniors and people of color. The network serves every county in New York State and all five boroughs of New York City, but current

grants funding this vital network end on July 15, 2025. A total of \$40 million is needed to ensure that the existing HOPP network is able to meet the existing need.

For the last two years, thanks to the legislature, HOPP funding was provided at \$40 million, after having been increased to \$35 million in the 2022-2023 budget year. Prior to that, the program had been level-funded at \$20 million for more than a decade with no increases to account for increased personnel and other costs. Those increases were needed to address drastically increased rates of mortgage and property tax defaults in the wake of the pandemic, in addition to ever-increasing threats to low-and-moderate-income homeownership posed by deed theft, partition and loan modification scams. Current contracts conclude on July 15, 2025, and we are hopeful that the legislature and the Governor will ensure that when the final budget is concluded struggling homeowners facing threats from multiple fronts to stable homeownership will continue to be able to access the vital services provided by the housing counselors and legal advocates funded by the HOPP network. Without the HOPP network, homeowners have nowhere to turn except deed theft and distressed property consultant scammers.

Even before the onset of the pandemic, New York continued to battle a foreclosure crisis brought on by the last recession, but in the wake of COVID-19 the need has become even more acute as New Yorker homeowners across the state have suffered from lost employment and rental income from tenants. New York is continuing to see high delinquency rates, especially in communities of color. According to U.S. Census Household Pulse Survey data, as of fall 2024, an average 6% of New York homeowners delinquent on their mortgage loans this year, with an average of 474,928 New York families at risk of losing their homes. These numbers show an increase in mortgage distress since the prior year, when the number of families at risk was 306,587. Court filings are also rising, with New York State Unified Court System data showing nearly 15,000 new foreclosure case filings in 2024, and nearly 22,00 pending foreclosure cases across the State at the end of the year.

Even more stark are the disparities between white homeowners and homeowners of color: in September 2024 a monthly average of 13% of Black and Brown homeowners were delinquent, compared to 4.4% of non-Hispanic white homeowners in New York State. Preserving homeownership is very much a civil rights and economic justice issue, as foreclosure represents not just the loss of homes, but also the stripping of equity and generational wealth from communities of color. Homes lost to foreclosure, especially in urban areas, also represent the loss of affordable rental housing, as many of the homes include affordable rental units which are lost when homes succumb to foreclosure and are purchased at auction by private equity real estate speculators. The loss of these homes to foreclosure also increases the significant disparity in homeownership rates for communities of color compared with white communities.

A complicated patchwork of federal and state programs has evolved in the aftermath of the pandemic that homeowners cannot navigate on their own, which is further complicated by the regulatory chaos emanating from Washington, where the federal regulators are under threat. FHA, Fannie Mae, Freddie Mac, and conventional lenders launched different forbearance plans and loss mitigation options for distressed borrowers, and New York State enacted its own law on forbearance programs for New York-regulated lenders and mortgage servicers.

The HOPP network has been helping families in every county across New York State, and in each of the five boroughs of New York City, navigate complex housing challenges -- including mortgage fraud, scams, displacement, discriminatory lending and mortgage servicing -- and it has helped

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thousands of families to keep their homes and to stay in their communities, preserving existing affordable homeownership. It has helped not just the individual families affected by foreclosures but the communities at large, by preventing displacement and by preventing the increased crime and reduced property values that accompany waves of foreclosure, which, in turn, adversely affect the local community tax base.

The need for these direct service HOPP-funded providers is actually embedded in New York's consumer protections enacted after the foreclosure crisis, which are now permanent features of the judicial foreclosure process:

- Lenders are required by law to send pre-foreclosure notices specifically identifying counseling agencies serving the homeowners' county—*the very agencies that depend on the HOPP program for their funding.*
- HOPP network providers are integral to NY's pioneering foreclosure settlement conference process, where they partner with the courts to staff clinics and friend of the court tables. These settlement conferences and have been instrumental in drastically increasing the numbers of homeowners with representation at settlement conferences and in increasing the numbers of homeowners answering foreclosure complaints and preventing default judgments. Indeed, thanks to this network many homeowners facing foreclosure now have representation during the court settlement conference process, whereas prior to the network's inception most homeowners had no counsel and most foreclosure cases resulted in default judgments in which homeowners did not have access to counsel for the judicial foreclosure process.
- Amendments to the settlement conference law provide homeowners attending their first conference a chance to avert default judgment and seek help from HOPP-funded legal services providers to file an answer to the foreclosure complaint, a right which, thanks to the HOPP funded agencies staffing conferences, has allowed thousands of homeowners to assert their legal defenses and counterclaims and to ensure accountability in the judicial foreclosure process.

Without the restoration of the funding proposed to be eliminated by the Governor's proposed budget many of those not-for-profit housing counseling agencies and legal services providers will be ending their homeownership retention services when current contracts expire on July 15, 2024 and will be forced to turn away homeowners needing their assistance, leaving New York's struggling homeowners more vulnerable to the scammers peddling foreclosure rescue deed theft schemes and distressed property consultants, whose ranks have been multiplying as real estate values are increasing in many regions of the state. Indeed, even now, with the Governor's proposed elimination of the program causing uncertainty about the continuation of the program after the current contract year (as it does every year) case acceptance at HOPP-funded agencies is inhibited, because agencies cannot in good conscience accept new cases that have no prospect of resolution prior to July 15, 2024 with the continuation of the program after that date in question. This uncertainty is also damaging to HOPP staff morale, many of whom are lost every year when the program's continuation is thrown into question by the Governor's proposal to de-fund HOPP.

WCCRC's housing counseling program relies on funding from HOPP. Without this funding employees would lose their jobs, and we would no longer be able to provide foreclosure prevention and financial counseling services. As the only provider in the area, this would be a notable loss for the

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community. There are also a number of laws and programs in New York State that depend on HOPP network services; HOPP service providers are embedded in New York's consumer protections enacted after the foreclosure crisis, which are now a permanent part of our foreclosure process, such as:

Lenders are required by law to send pre-foreclosure notices specifically identifying counseling agencies serving the homeowners' county—the very agencies that will be no longer funded to do foreclosure prevention work if funding lapses. WCCRC is a HUD Certified Housing Counseling Agency Serving Delaware, Greene and Schoharie Counties. Regular referrals come to us from multiple places: the Attorney General's office, local courts, human service agencies and mortgage servicer notices. People are in financial crisis facing mortgage delinquency and/or foreclosure. They are confused and stressed about what to do and often think the bank will show up next week and take control of their home. They often do not understand the laws or the language of the notices, particularly if it is a foreclosure and many don't know they have access to free legal services through legal aid or other organizations. Housing Counseling services are free of charge and help clients through the mortgage default process or work all together with legal services, assisting with documentation and client communications. Housing Counseling also assists in getting people the supportive services they need such as SNAP and HEAP to increase their income.

Network providers are integral to NY's pioneering foreclosure settlement conference process, where we partner with the courts to staff clinics and conferences, and have been instrumental in drastically increasing the numbers of homeowners with representation at settlement conferences and in increasing the numbers of homeowners answering foreclosure complaints and preventing default judgments. WCCRC's Housing Counselor directs clients to legal services when necessary and attends settlement conferences alongside legal to support clients in mortgage foreclosure.

The homeowners receiving help from HOPP agencies are working, LMI families, New Yorkers of color who were targeted for predatory loans, seniors battling a wave of foreclosures on reverse mortgages and tax and water liens, and families who have experienced illness or deaths that have landed them in financial distress. The network mitigates displacement from foreclosures, scams and mortgage distress and its advocates challenge abusive mortgage servicing by financial institutions and discriminatory lending practices such as reverse redlining, in which vulnerable communities were targeted for the most toxic of loan products. Of late, the HOPP network has been tackling the epidemic of "zombie second lien" foreclosures, pursued by debt buyers who purchased for pennies on the dollar long-abandoned second mortgages, which were marketed during the heyday of predatory lending as toxic "80/20" loans targeted to communities of color. The originating lenders abandoned those underwater loans years ago, but with appreciating real property values, speculators and private equity are now attempting to foreclose on homes saddled with these second liens, even though the claims are largely barred by statutes of limitations.

With \$40 million in funding the HOPP network will be able to continue its great work and combat urgent housing issues across the state, including:

- Mitigating distressed mortgage and tax foreclosures, especially those suffering from the ongoing impacts of COVID-19, preventing displacement

- Stopping scammers from stealing people's homes and charging for loan modification services that are never provided, and stemming the tide of partition scammers preying on heirs and stripping equity from minority neighborhoods; and

- Providing representation to the state's seniors, who have been facing a wave of reverse mortgage foreclosures in recent years, who have only recently received the consumer protections New York has provided to other residential mortgage foreclosure defendants

- Addressing the latest wave of "zombie second mortgage" foreclosures, in which debt buyers have purchased long-abandoned second mortgages marketed to black and brown homeowners as predatory "80/20" loans and are now seeking to foreclose in order to pocket the equity in those properties

At WCCRC, we educate and assist clients against scams through public presentations and individual support. Housing counselors assist clients individually by helping them file complaints with the Consumer Financial Protection Bureau (CFPB), the New York State Department of Financial Services, and other relevant agencies. This proactive approach ensures that clients have the necessary resources to address fraudulent activities. However, if agencies like the CFPB were to close, consumers would be left vulnerable, with limited avenues to report scams and seek justice. We also work closely with municipalities on home repair programs to prevent vacant and abandoned homes and assist vulnerable populations in our communities.

We URGE the New York State Legislature to include \$40 million in funding for HOPP in this year's budget so that the HOPP network can continue its great work combating urgent housing issues and continuing to help homeowners in distress and foreclosure. Moreover, we urge the inclusion of S.2627 (Kavanagh) / A.1625 (Solages) in the adopted budget to enshrine the HOPP program into law, affording homeowners consistent protections moving forward.

For more information, please contact Eileen Knott at 607-652-2823 ext. 105 to speak with our HUD certified Housing and Financial Counselor on the crucial need for HOPP funding in our communities.

Thank you for your support,



Antonia Besculides

Executive Director