Homes Underwater:
Forebearance Alternatives for Sandy-Affected Homeowners

Prepared by
Franklin Romeo and Jennifer Ching
Queens Legal Services | Legal Services NYC

Over 300,000 New York City homes were damaged in Superstorm Sandy. Many of these homes have been damaged beyond habitability and require reconstruction or extensive repairs. Sandy disproportionately impacted some of the City's most diverse low- and middle-income homeowner communities.[1] Residential neighborhoods like New Dorp, Oakwood, Midland Beach and Far Rockaway—where working class families have long moved as a gateway to homeownership—as well as longtime homeowner communities like Canarsie, Breezy Point and Belle Harbor have some of the largest concentrations of one and two-family homes in New York City. At a New York State Senate Bipartisan Task Force on Hurricane Sandy Recovery Roundtable held on January 31, 2013, New York insurance advocates reported that the industry has already received more than 385,000 claims, with as much anticipated to come.

In the wake of Sandy, many lenders publicized programs offering homeowners some form of forbearance for mortgage payments. Following what was provided to post-Katrina homeowners, these forbearances are typically three-month delayed payment periods, with full payment and interest due at the close of the period (for those periods entered post-Sandy, payments will be due in mid-February 2013). The application of these policies has been opaque and inconsistent. Some banks are requiring a case-by-case analysis, with submissions of detailed forms and procedures akin to loan modifications. Other banks instituted the forbearance period without notice or details. Still other banks have not provided any relief.

This White Paper examines the application and utility of forbearance periods for post-disaster homeowner communities. We argue that forbearances are not an effective method of providing Sandy homeowners with meaningful relief; indeed, a forbearance creates a situation where a homeowner is likely to fall into a mortgage delinquency, and may very well lead to foreclosure. Forbearance periods do not promote recovery, nor do they contribute to long-term revitalization of neighborhoods. Nearly three months after the storm, the majority of Sandy homeowners have not been able to access adequate relief to repair or reconstruct their homes. Many of the homeowners with whom our programs have worked have even elected not to utilize a forbearance—recognizing that such short-term "relief" simply sets them up to default at the end of the forbearance period—and have instead attempted to rely on piecemeal, short-term benefits from FEMA, insurance, or charitable grants. Time after time, however, these programs are

[1] New York City Map: New York City Neighborhoods Affected By Sandy Flooding With Households Late On Mortgage Payments, Center for New York City Neighborhoods (attached).

insufficient to cover the double housing costs displaced families face (typically, rent at approximately $1,500 per month on top of any monthly mortgage payments); as a result, our clients are falling behind.

Housing advocates have long warned that the post-Katrina forbearance periods did not adequately protect the rights of affected homeowners, and drove many families out of the communities where they had long lived, as they faced home values that were now financially—and physically—underwater. These issues are amplified many times over in New York City, where the density of the communities affected, as well as the significantly higher costs of homes and construction, place thousands of families at risk of losing their homes.

If the current patchwork of forbearance periods continues, the accumulated arrears will overwhelm Sandy homeowners and will result in greater neighborhood disintegration. We understand from post-Katrina advocates that a similar pattern emerged in New Orleans—where the average mortgage is less than half the cost of New York City. We propose that the ideal solution is a one-time waiver of principal and interest payments, allowing homeowners the ability to cover the costs for rebuilding. In the alternative, we propose that the arrears accumulated during forbearance periods be deferred as a non-interest bearing balloon payable at the maturity of the loan.

1. Sandy Struck at the Heart of High Foreclosure and Mortgage Distress Communities.

Brooklyn, Queens and Staten Island have among the highest foreclosure rates in New York State. An even higher number of households are experiencing mortgage distress, meaning families are behind anywhere from 30 to 90 days in mortgage payments.[2] The impact of Superstorm Sandy on these already fragile communities is certain to result in yet another wave of foreclosures unless banks afford homeowners with meaningful mortgage relief.

Southeast Queens and the Rockaways

Home to 2.3 million people—half of whom are immigrants—the New York City borough of Queens has long been celebrated for its diversity and role as a gateway to middle class comforts not ordinarily associated with the City, including homeownership. In recent years, however, Queens has gained a new reputation as the epicenter of the foreclosure crisis in the region. In 2009, Queens County had the highest number of foreclosures filed in New York State.[3] Now, three years later, more than 1 in 9 mortgages in Queens are still in serious delinquency. The vast majority of these foreclosures and delinquent mortgages are concentrated in the Southeast Queens communities most affected by Sandy—in some zip codes, foreclosure rates are as high as 17%.[4] In the first half of 2010, almost half of all new foreclosures in New York City were in Queens; and the

---

[2] *Id*.
[3] John Cutts, *Queens Bank Foreclosures Highest Among NY Counties,* Real Estate Pro Articles, Dec. 21, 2009, http://www.realestateproarticles.com/Art/11198/265/Queens-Bank-Foreclosures-Highest-Among-NY-Counties.html.
[4] Federal Reserve Bank of New York, *Regional Mortgage Briefs (Queens)*, June 27, 2011, http://www.newyorkfed.org/regionalmortgages/queens.html.

top five zip codes for newly scheduled foreclosure auctions were all in Southeast Queens.[5] South Jamaica has the highest foreclosure rate in New York City's five boroughs, with 1.79 percent of housing units receiving foreclosure notices in the first six months of 2010.[6] Closely following South Jamaica are the adjacent neighborhoods near St. Albans (11412 and 11429), with 1.33 and 1.31 percent foreclosure rates, respectively.[7] Even in November 2010, when the rest of New York saw a precipitous drop in foreclosure filings due to national scrutiny of lender practices, Queens continued to be "disproportionately affected by this [foreclosure] crisis; more than half of all single-family homes in the city receiving foreclosure notices [in the third quarter of 2010] were in Queens."[8]

Notably, the Queens communities hardest hit by the foreclosure crisis are the same ones that have been disproportionately targeted for subprime and high-cost loans, a fact that highlights the need for fair housing interventions in theses areas. In its Analysis of Impediments, New York City identified "[t]he perpetuation of residential racial segregation through discrimination and, in some instances, bias harassment and violence," as a primary impediment to the goal of fair housing in the City.[9] The predominance of subprime lending in minority communities is a prime example of this persistent discrimination, and Queens has been particularly hard-hit by this phenomenon. An analysis of 2005 and 2006 HMDA data revealed that Queens was among the five counties in the State with the highest percentage of higher-cost loans.[10] And, as the former New York State Superintendent of Banks explained, "[m]ultiple external studies have made similar findings, which our internal research confirms: **minority borrowers and minority communities receive higher-cost loans at a disproportionate rate**."[11] HMDA and American Community Survey data from 2006 revealed that predominantly minority neighborhoods—like Jamaica where 67.9% of residents are African American and less than 2% of residents are White—experienced the highest rates of subprime lending (in Jamaica, 46% of the home-purchase loans were subprime).[12] The Neighborhood Economic Development Advocacy Project's analysis of Queens HMDA and census data presented in map form, plotting foreclosures, high costs loans, and minority population in combination, also starkly illustrates that the highest rates of foreclosure and the highest rates of subprime loans occur in the same neighborhoods, and those neighborhoods have greater than 50% Black or Hispanic populations.[13]

---

[5] *Queens Foreclosures Drop 37% in October 2010*, Nov. 16, 2010, http://www.propertyshark. com/Real-Estate-Reports/2010/11/16/queens-foreclosures-drop-37-in-october-2010/.
[6] *July 2010 Foreclosure Trend Report*, http://www.realtytrac.com.
[7] *Id.*
[8] Furman Ctr. For Real Estate and Urban Policy, *New York City Quarterly Housing Update 2010: 3rd Quarter (July-September)*, http://furmancenter.org/files/publications/Quarterly_ Housing_ Update_final.pdf (emphasis added).
[9] Department of City Planning, City of New York, *Consolidated Plan Annual Performance Report 2007*, May 22, 2008, http://www.nyc.gov/html/dcp/pdf/pub/conpl_affh_sub.pdf, at AFFH 18.
[10] Testimony of New York State Superintendent of Banks Richard H. Neiman Before the Committee on Banks, *Subprime Mortgage and Foreclosures in New York*, Dec. 13, 2007, http://www.banking.state.ny.us/sp071213.htm.
[11] *Id*. (emphasis in original).
[12] Ingrid Gould Ellen, *The High Cost of Segregation*, Furman Ctr. For Real Estate and Urban Policy, Jul. 13, 2009, http://furmancenter.org/files/testimonies/Furman_Center_NAACP_ Segregation_and_Subprime_Lending.pdf.
[13] Queens, NY Map: High-Cost Loans (2007-2008) and Foreclosure (2009), Neighborhood Economic Development Advocacy Project (NEDAP) (on file with NEDAP, www.nedap.org).

The unique needs and vulnerabilities of Queens' diverse and numerous immigrant communities poses another significant barrier to fair housing, as highlighted in the City's Analysis of Impediments. In fact, the City's Analysis specifically lists targeting for abusive loans as one example of how unscrupulous actors prey on immigrants' vulnerabilities; "Due to lack of acculturation or lack of education, and/or language barriers, many immigrants are unaware of their legal rights and laws regarding fair housing, leaving them especially vulnerable to discrimination and abuse from landlords and others. For example, these impediments make immigrants popular targets of illegal predatory lending practices resulting in great financial loss to the victims."[14] This is another barrier to fair housing that is particularly significant in Queens, where 47% of the people living in the borough between 2005 and 2009 were immigrants, and almost 55% of residents speak a language other than English at home.[15]

The very neighborhoods hit hardest by Sandy and the foreclosure crisis are also those communities historically redlined and later targeted, or "reverse-redlined," by predatory lenders.[16] Prior to the recession, Queens was among the five counties in the State with the highest percentage of high-cost loans.[17] Now, in the wake of the credit crisis, the pendulum has swung back once more, leaving many Queens communities shut out of affordable loan modifications and refinance loans. This destabilizing "yo-yo treatment" threatens the middle class gains in communities of color built slowly over the past few decades.[18] Furthermore, the unscrupulous brokers of the subprime mortgage era have now reinvented themselves as mortgage rescue "experts," or scammers, targeting these same communities for loan modification scams and other schemes promising to avoid foreclosure.

Finally, what started as a subprime crisis has transformed into a long-term slide as unemployment and diminished home equity persist. Since 2008, the number of Queens families living in poverty has risen dramatically. 15% of people in Queens now live <u>below</u>—and 1 in 3 live within 200% of—the federal poverty line. Moreover, <u>over</u> <u>half</u> of Queens residents cannot meet basic needs: housing, food, child care, healthcare and transportation.[19] Nowhere is this struggle more evident than in the Far Rockaways, which has Queens County's lowest average household income.

Brooklyn

Brooklyn has a population of 2.5 million with over 250,000 owner-occupied housing units. Twelve percent of all mortgages are seriously delinquent and an additional 4% are between 30 and 90

---

[14] Department of City Planning, City of New York, *Consolidated Plan Annual Performance Report 2007*, May 22, 2008, http://www.nyc.gov/html/dcp/pdf/pub/conpl_affh_sub.pdf.

[15] 2005-2009 American Community Survey 5-Year Estimates, http://factfinder.census.gov/servlet/ACSSAFFFacts?_submenuId=factsheet_0&_sse=on (search Queens County, New York).

[16] Queens, NY Map: Queens – Impact of Sandy Flooding On Households Receiving Housing Counseling, Center for New York City Neighborhoods (attached).

[17] Testimony of New York State Superintendent of Banks Richard H. Neiman Before the Committee on Banks, *Subprime Mortgage and Foreclosures in New York*, Dec. 13, 2007, http://www.banking.state.ny.us/sp071213.htm.

[18] *Remarks of Richard H. Neiman, Superintendent of Banks for the State of New York*, CRA & Fair Lending Colloquium, Las Vegas, Nevada, November 9, 2010, http://www.banking.state.ny. us/sp101109.htm.

[19] *Source*: U.S. Self Sufficiency Standard, Alliance for a Greater New York (Sept. 2011).

days past due.[20] In some Brooklyn neighborhoods as many as one in three homes are in delinquency. The courts are inundated—by October 2010, over 14,000 foreclosures were pending in Kings County, comprising 30% of civil cases in Supreme Court.[21] In 2011, 4,750 foreclosure actions were filed on 1 – 4 family homes in Brooklyn (the highest in NYC) and more than 27,000 new pre-foreclosure notices were sent to homeowners.

Communities of color with high incidences of foreclosure, including Brownsville, Canarsie, Crown Heights, Flatlands, East Flatbush, and East New York, are many of the same communities that were targeted for predatory lending. Currently, these neighborhoods have some of the highest numbers of pre-foreclosure notices in New York City. Canarsie experienced 2,919 pre-foreclosure notices in 2011 (the highest of any NYC neighborhood); Flatlands experienced 2,418 (the second highest of any NYC neighborhood); and East Flatbush experienced 1,728.[22] These high rates of pre-foreclosure notices indicate that the crisis is far from abating and that representation will continue to be essential.

Canarsie/Flatlands had the highest number of high cost home purchase loans out of all Brooklyn neighborhoods in 2004-2007. Unsurprisingly, these neighborhoods now have a higher-than-average rate of delinquent mortgages.[23]

The high incidence of foreclosure continues to ravage communities already devastated by the foreclosure crisis. In Brooklyn, house prices have declined more than 20% since 2005 and home values fell again between 2010 and 2011.

Many of the Brooklyn neighborhoods with the highest incidences of pre-foreclosure filings between February 2010 and September 2012 were also impacted by flooding due to Sandy. These neighborhoods include Canarsie, Flatlands, Sea Gate/Coney Island, Sheepshead Bay, Brighton/Manhattan Beach, and Bath Beach.[24]

Staten Island

Staten Island has by far the highest homeownership rate in NYC (70.9 %). [25] Because of the high rate of homeownership, the foreclosure crisis has been and continues to be devastating for the borough. In 2009 and 2010, Staten Island's north and south shore communities had among the top ten highest foreclosure filing rates in New York City. [26] The mid-island neighborhood was among the top ten NYC neighborhoods in foreclosed homes from 2008 – 2010. [27] The number of foreclosures has continued unabated. In 2011, over 12,000 Staten Island homeowners received

[20] Federal Reserve Bank of New York, at www.newyorkfed.org/regionalmortgages/brooklyn.html.
[21] Ann Pfau, 2010 Report of the Chief Administrator of the Courts, State of New York Unified Court System.
[22] NEDAP, Foreclosures in New York: What's Really Going On, January 2012.
[23] Furman Center, State of the City's Housing and Neighborhoods 2010, http://furmancenter.org/research/sonychan/.
[24] Brooklyn, NY Map: Brooklyn – Impact of Sandy Flooding On Households Receiving Housing Counseling, Center for New York City Neighborhoods (attached).
[25] "State of New York City's Housing and Neighborhoods 2009" at 126-127.
[26] http://www.osc.state.ny.us/osdc/rpt13-2011.pdf, Figures 6 & 7.
[27] http://www.osc.state.ny.us/osdc/rpt13-2011.pdf, Figure 8.

90-day pre-foreclosure notices--over 7 % of all Staten Island households, the highest percentage in NYC and the fourth highest percentage in the State. [28]

Staten Island has become increasingly diverse in the past decade, largely because it is one of the few places in New York City that is still affordable for low- and middle-income homeowners. Immigrants comprise 24.7 % of the population. Staten Island also has rapidly growing Black and Hispanic populations. Staten Island is the only borough in which the percentage of black residents has increased since 2000. Staten Island's 3.6 % increase in Hispanic residents from 2000 to 2008 was the largest increase in NYC. Staten Island is also the only borough of NYC where the number of poor people is increasing.

The foreclosure crisis has disproportionately affected these immigrant and minority homeowners. This impact is illustrated by the racial composition of Staten Island Legal Services' (SILS') foreclosure prevention clients – while non-whites comprise 32.6 % of Staten Island's population, they make up 53 % of SILS's client base.

As in Brooklyn and Queens, the communities in Staten Island hit hardest by Storm Sandy were already grappling with mortgage delinquencies and foreclosures. In Staten Island more than 1,750 households that received a 90-day pre-foreclosure notice between February, 2010 and September, 2012, were located in areas flooded by Sandy.[29] In total, over 18,000 households received 90-day pre-foreclosure notices in Staten Island during this period.

2. Post-Disaster Forbearance Programs Further Destabilize Struggling Communities.

Put simply, post-disaster forbearance periods set homeowners up to fail if they require full payment at the end of the forbearance period. As Sandy communities approach three months after the storm, our programs are seeing an overwhelming number of households that have not yet received adequate FEMA assistance or homeowner and/or flood insurance claims. People simply have too many expenses (too few of which are covered under insurance and FEMA) to able to save their mortgage payments during a short forbearance period. To this extent, the forbearance period is essentially no relief at all: any homeowner who can save three months payment during the first three months after the storm could have simply made those payments on time.

Traditional homeowner disaster relief is simply not as useful in New York City. For example, the HUD 203(h) Disaster Loan Program, providing FHA-insured loans for new home purchases where homeowners lost their homes in a disaster, assumes availability of housing stock and affordable housing options. At the January 31, 2013 New York Senate Roundtable, the American Red Cross estimated that approximately 90% of the families they have seen cannot find affordable housing options to replace what they have lost. Superstorm Sandy has displaced many thousands of New

[28] Sources: http://www.nedap.org/resources/documents/NEDAPForeclosuresinNYS_WhatsGoingOn.pdf; http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=DEC_10_DP_DPDP1&prodType=table.

[29] Staten Island, NY Map: Staten Island - New York City Households Late On Mortgage Payments And Affected By Sandy Flooding, Center for New York City Neighborhoods (attached).

York families, and many of them have sought temporary shelter with families, friends or in rental apartments in adjoining communities. So, for example, most of the Far Rockaway families with whom Queens Legal Services has worked have remained in Southeast Queens. Breezy Point homeowners have resettled a mile away in Southern Brooklyn.

Likewise, traditional disaster relief programs assume that insurance claims will be resolved promptly and provide adequate coverage for homeowners to make necessary repairs. In reality, this assumption is far from the truth. Our offices are currently inundated with requests from homeowners who have received insurance claims or offers far below the actual cost of repairing their homes. As a result, homeowners are either disputing the initial insurance adjustment—which causes additional delays—or accepting payments far below the actual cost of repairs and attempting to pay the difference out of FEMA benefits, charitable grants, or their own savings.

Moreover, banks are holding onto insurance funds for mortgage arrears; this issue is so widespread that New York Department of Financial Services Superintendent Benjamin Lawsky identified at the January 31 New York Senate Roundtable the banks' refusal to release insurance funds as one of the biggest barriers to homeowner relief. That the refusal of banks to release insurance funds due to mortgage arrears is such a widespread issue only further confirms the unique and unfortunate intersection between mortgage distress and Sandy-affected neighborhoods.

Many Sandy families are suspended in limbo: caught in a web of insurance and FEMA appeals, they are unable to proceed on necessary repairs. Now, just three months after the storm, homeowners—many of whom are still displaced from their homes—face a mortgage bill equivalent to *four monthly payments*—the three deferred payments that are now due, as well as their regular monthly payment, which will resume going forward.

Even if the three-month forbearances are extended, the vast majority of homeowners affected by the storm will continue to deplete any savings that they have while disputing insurance or FEMA claims, and face the same predicament in an additional three months. Extending the forbearance periods simply postpones the day of reckoning. Without further relief, the vast majority of homeowners currently relying on the forbearance periods will be unable to bring their payments current, and yet another wave of foreclosures will further destabilize these already ravaged communities.

3. Alternatives to Current Policies Will Protect Homeowners and Prevent Further Destabilization of Sandy Communities.

In order to prevent another foreclosure crisis, banks should provide a one-time waiver of the principal and interest payments due for the twelve months on residential mortgage loans secured by homes directly affected by Superstorm Sandy. In the alternative, banks should forbear payments and suspend interest for twelve months, and extend the term of the loan for one year, in order to make up the year "lost" due to Sandy. If a one-year extension is not feasible due to individual circumstances, banks should defer the arrears accumulated during forbearance periods as a non-interest bearing balloon payable at the maturity of the loan (or at the time the loan is satisfied through a refinance or sale of the property).

These solutions would allow homeowners the necessary time and financial relief to repair their damaged homes, which is in the interest of both banks and homeowners, as well as the larger New York City communities still struggling to recover from this disaster. If homeowners are not able to restore their homes, many homeowners will be forced into foreclosure, either at the conclusion of the forbearance period or even earlier, given that many homeowners are unwilling to enter into forbearance periods that they recognize do not provide meaningful long-term relief. Ironically, banks would presumably only be able to recover pennies on the dollar at any such foreclosure sale, as property values have plummeted in storm-affected communities, and many of the homes would still be in need of substantial repair.

Finally, these programs should be available to all homeowners who can document substantial property damage—such as proof that a FEMA or insurance claim as been made—without subjecting the homeowners to the rigorous income and asset evaluation required for traditional loan modifications. Requiring homeowners to submit detailed and onerous applications for relief—at a time when homeowners are already deluged with FEMA and insurance appeals—would undermine the effectiveness of such solutions entirely.

4. At Minimum, Banks Must Have Uniform and Transparent Forbearance Policies.

Currently some banks are offering forbearances for Sandy victims, but because there is not a uniform policy, homeowners' experiences vary from bank to bank, and are often unpredictable. Right now we are seeing many homeowners who were offered 3-month forbearances (which are now coming due), some of which are being renewed and others of which are not. Other people were initially offered 6 month forbearance periods; we don't yet know if any substantial number of those will have an option to renew. In addition, some homeowners who contacted their banks and requested forbearance are nonetheless being reported to credit rating agencies as delinquent and receiving pre-foreclosure notices.

The piecemeal nature of the forbearances provide an additional challenge to homeowners, who struggle to plan accordingly, not knowing when their next mortgage payment will be due. It would be useful to have a uniform policy so that it can be publicized and homeowners can know what to expect.

5. In Their Own Words: Experiences of NYC Sandy Homeowners

<u>The C Family</u>

Mr. and Ms. C own a single-family home in Far Rockaway with their three children. Their home sustained extensive flood damage as a result of Superstorm Sandy. Even worse, Mr. C is a skilled laborer, but his tools were destroyed in the storm and he was laid off from his job. He is currently receiving disaster unemployment benefits, but they are insufficient to pay the monthly mortgage. The family is currently waiting for an adjustment from their flood insurance, but has paid for numerous repairs out of pocket in order to make the home habitable and safe for their children. Their three-month mortgage forbearance is now drawing to close and they are unable to afford their mortgage payments going forward.

Mr. DM

Mr. DM's mortgage servicer is Chase. He received a letter from Chase stating that he was eligible for the 90 Day Disaster Relief Program. The letter also states that at the end of the 90 day period, all deferred payments are due. Mr. DM called the number indicated to be placed in this program. He received a confirmation letter that their account was placed in the Chase program. About a month later, Mr. DM received a letter stating that his account was in default by two months.

Mr. H

Mr. H, a disabled veteran, owns a home on Olympia Blvd., in one of the hardest hit neighborhoods on Staten Island. His home has two red tags from the NYC Department of Buildings and the contractors and engineers he has consulted say the home must be demolished and rebuilt.
After Storm Sandy, Mr. H called his mortgage lender, Seterus, to get a 3 month emergency forbearance, and was told that he did not need to pay his mortgage for the months of November, December, and January. On January 10, 2013, Mr. H called Seterus requesting that his emergency forbearance be extended, as the insurance company is still in the process of determining the claim amount, the home is not repairable, and he is now living in a rented apartment. Mr. H was told that Seterus is unable to extend the forbearance and that the only mitigation option is to apply for a modification. Several days later, Mr. H received an acceleration letter, threatening foreclosure, and a delinquency letter.

Mr. JM

Immediately after Superstorm Sandy, Mr. JM, a Staten Island homeowner, was verbally told by Wells Fargo that he would receive a 90-day forbearance of his mortgage payment. He subsequently received a letter dated 11/06/12 that states "although we have taken the appropriate steps to ensure there are no adverse impact for the 90 days following the date of the declaration, it is important to understand that any unpaid payments will become due at the end of the 90 day period." Mr. JM attempted to go through the Office of Congressman Michael Grimm to find a method for avoiding repayment in full at the end of the forbearance. Wells Fargo sent letters to Grimm's office acknowledging receipt of their inquiry on behalf of Mr. Monte, but to date have not extended his forbearance or offered another option for repaying his arrears.

The JN Family

Mr. and Ms. JN lived in a single family home in Bell Harbor, Queens with their two children. The home sustained over $100,000 in damages due to Superstorm Sandy. Due to structural damage, they are unable to live in the home and have been renting an apartment in Brooklyn. They received a three-month forbearance from Bank of America, but have now received a mortgage statement requesting the three deferred payments along with their next regular monthly payment. Due to their rental expenses and on-going repairs, they are unable to pay this amount. On the bank’s advice, they have requested a loan modification, but—ironically—were told by another Bank of America representative that they are not eligible for a modification because they are not currently living in the home.

Ms. M

Ms. M's Staten Island home was severely damaged by Storm Sandy. During the storm she was displaced and forced to relocate more than five times between relatives and hotels. Staten Island Legal Services helped Ms. M obtain a disaster forbearance on her Chase mortgage on January 24, 2013. Chase is requiring her to pay back three full mortgage payments on March 24, 2013 when her forbearance expires.

The N Family

The N family suffered severe damage to their home as a result of Superstorm Sandy. A wall of water swept through the first floor and flooded the basement. The living space on the ground floor and the kitchen in the basement were immediately rendered uninhabitable, forcing the family to relocate to an apartment in Brooklyn. They are able to afford the Brooklyn living space only because of the forbearances granted by Bank of America (first mortgage) and Citi (2nd mortgage). Mr. N was first offered the forbearance with Bank of America during a phone call in December of 2012. He verbally accepted the offer on that call. Despite the forbearance offer, the N Family received an acceleration letter that was generated on or about December 17, 2012.

Ms. P

Ms. P was current on her mortgage with Provident Bank prior to Superstorm Sandy. She was forced out of her home by the storm and is currently living in a hotel. She is disabled and cannot travel easily. She asked Provident Bank for a forbearance, but they told her that she would need to submit a complete loan modification application. Because of her mobility issues, she has been unable to gather all the necessary documents while she is living in the hotel. She sent a hardship letter to Provident Bank explaining her situation, but was told this was not enough. In the meantime, she is being charged exorbitant late fees , and Provident has reported her as delinquent to credit rating agencies. Legal Services has submitted a complaint to DFS on her behalf, and received a note saying they would look into it.

The R Family

The R family's modest Breezy Point home was entirely destroyed by fire during Superstorm Sandy. They are hoping to rebuild, but received an insurance payout only worth approximately half the cost of rebuilding their home. At the time of the storm, the family was up to date on its mortgage with Ridgewood Bank. They did not receive any forbearance, so are currently paying both their mortgage payment as well as the cost of a two-bedroom rental unit. At this time, they have exhausted their savings and have again requested a forbearance or modification of their mortgage payment, but have yet to receive an answer.

Ms. S

Ms. S lives in hard-hit Midland Beach; Sandy ruined her home with flooding. The home is still damaged and uninhabitable as she works to get it repaired. Right now she remains displaced and is renting temporarily in Brooklyn. She requested a forbearance from her servicer, Seterus, over the phone. Seterus agreed to forbear the November and December payments. During that time, Seterus still charged late charges to her account, and refused to remove the charges even after she disputed them. Ms. S recently asked for another forbearance since she is still displaced and paying rent, but she has now been thrust into a complex application process with Seterus. Seterus has not granted another forbearance.

Ms. T

Ms. T, a Queens homeowner, has three children, including a 12-year old disabled son who uses a wheelchair. Her home was severely damaged by flood waters, and is currently uninhabitable. She has received only a small payment from FEMA, and is still waiting for her insurance company to offer an adjustment. The family has been forced to relocate three times since the storm in attempts to find permanent housing suitable for Ms. T's disabled son. She received a three-month forbearance from Wells Fargo, but is unable to pay the arrears she has accumulated.

Ms. X

Ms. X and her husband live in Brighton Beach and had extensive Sandy-related damage to the basement and first floor of their home. They also work at a restaurant in Brighton Beach, which remains closed until storm-related repairs are complete. Ms. X's disaster unemployment assistance was approved for only one month, though her husband's benefits continue. They also lost $1200/month in rental income from their basement tenant. Most of their homeowner's insurance claims were denied, and they have not yet received a settlement from their flood insurance company. They have found temporary shelter for $1,300/month. They have been trying to get a forbearance from Bank of America since immediately after Sandy, even visiting a local branch in person to make this request, but they have not been successful. Their current mortgage arrears are over $7,500. Bank of America has already sent the family a notice of intent to accelerate and a 90-day pre-foreclosure notice.

For More Information, contact Franklin Romeo at fromeo@queenslegalservices.org (347-592-2188) or Jennifer Ching at jching@queenslegalservices.org (347-592-2242).

The following organizations endorse this paper:

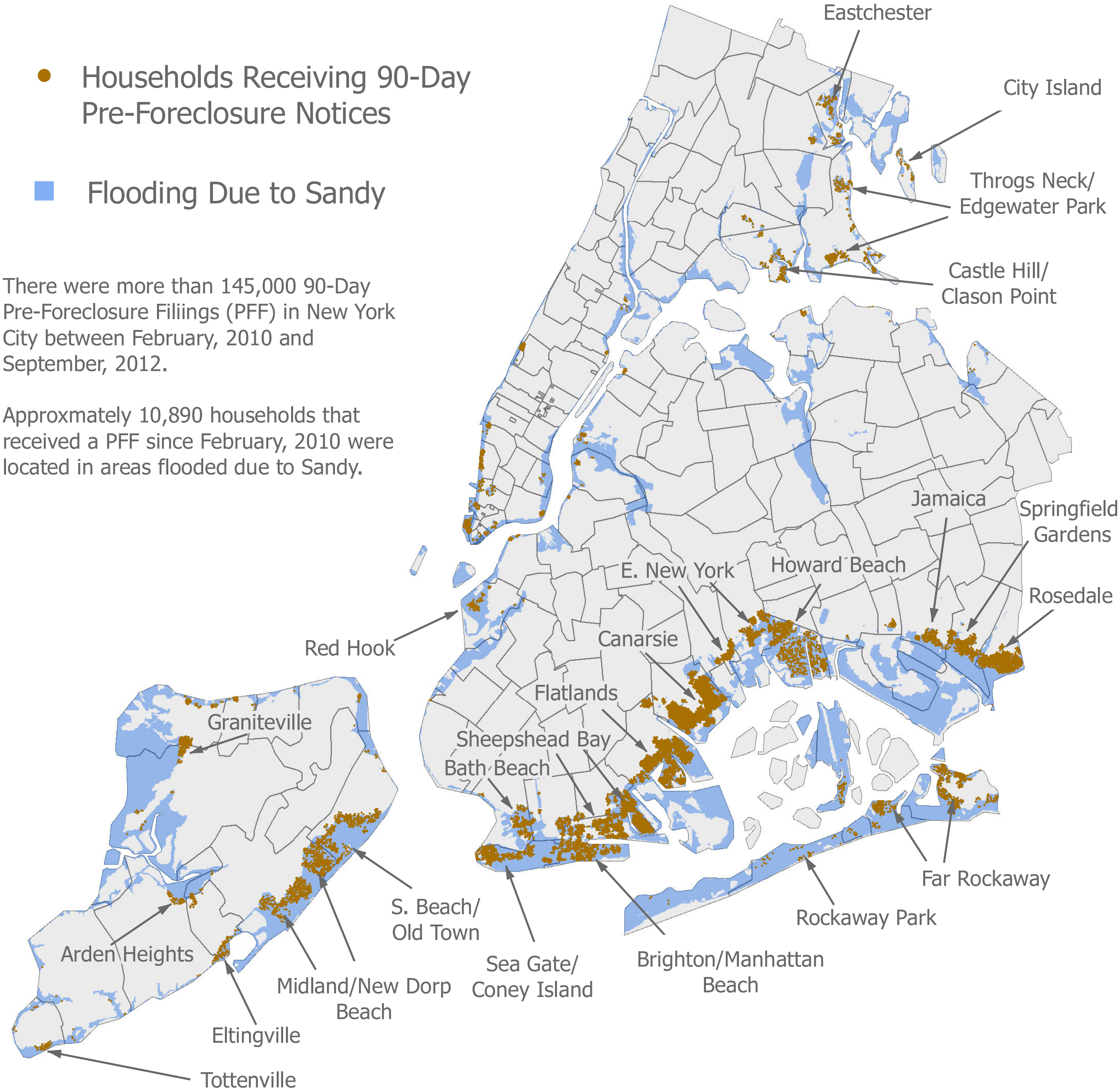
Brooklyn Volunteer Lawyers Project
Center for NYC Neighborhoods
Chhaya CDC
Empire Justice Center
JASA/Legal Services for the Elderly in Queens
The Legal Aid Society
Legal Services NYC – Bronx
Long Island Housing Services, Inc.
Margert Community Corporation
Neighborhood Economic Development
Advocacy Project (NEDAP)
New York Lawyers for the Public Interest
New York Legal Assistance Group
New York Mortgage Coalition
MFY Legal Services
Queens County Volunteer Lawyers Project
Queens Legal Services
South Brooklyn Legal Services
Staten Island Legal Services
Westchester Residential Opportunities, Inc.

New York City Neighborhoods Affected by Sandy Flooding with Households Late on Mortgage Payments

- Households Receiving 90-Day Pre-Foreclosure Notices
- Flooding Due to Sandy

There were more than 145,000 90-Day Pre-Foreclosure Filiings (PFF) in New York City between February, 2010 and September, 2012.

Approxmately 10,890 households that received a PFF since February, 2010 were located in areas flooded due to Sandy.



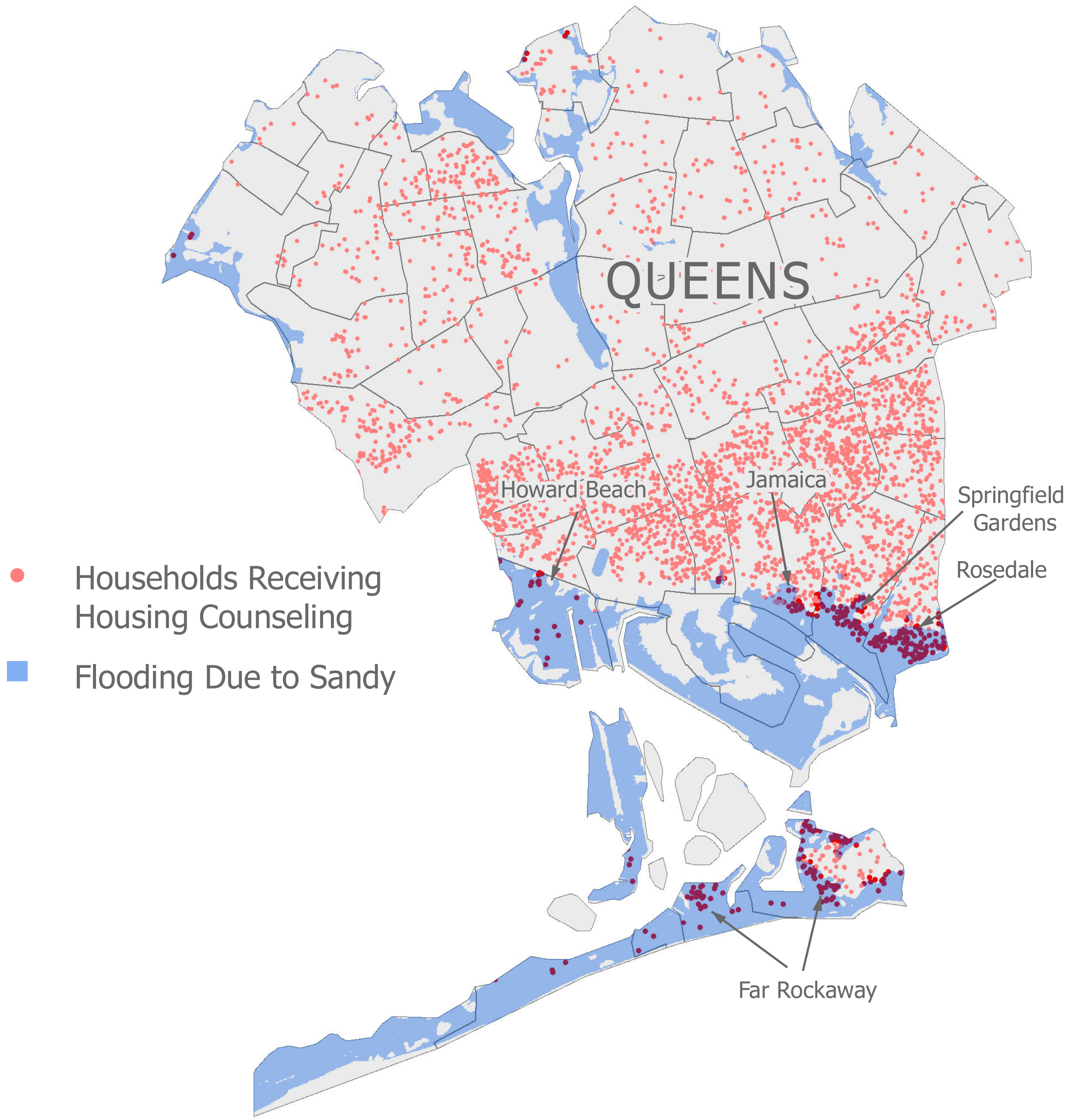
Note: Original locations have been randomized to obscure actual addresses.

Data Sources: FEMA/USGS Preliminary Field Verified 10-Meter Storm Surge Extent; Department of Financial Services 90-Day Pre-Foreclosure Notices from February 2010 to September 2012; U.S. Census 2010 Zip Code Tabulation Areas

cnycn
CENTER FOR NEW YORK CITY NEIGHBORHOODS

Queens - Impact of Sandy Flooding on Households Receiving Housing Counseling

In Queens, more than 310 households that received housing counseling since July, 2008 are located in areas flooded due to Sandy.



Note: Original locations have been randomized to obscure actual addresses.

Data Sources: FEMA/USGS Preliminary Field Verified 10-Meter Storm Surge Extent; CNYCN Housing Counseling Intakes from July 2008 to September 2012; U.S. Census 2010 Zip Code Tabulation Areas

cnycn
CENTER FOR NEW YORK CITY NEIGHBORHOODS

BROOKLYN - New York City

Households Late on Mortgage Payments and Affected by Sandy Flooding

In Brooklyn, more than 4,470 households that received a 90-day pre-foreclosure notice between February, 2010 and January, 2013, were located in areas flooded due to Sandy. In total, there have been more than 46,600 90-day pre-foreclosure notices filed in Brooklyn, and more than 162,000 filed in all of New York City.

Flooding Due to Sandy

Households Receiving 90-Day Pre-Foreclosure Notices

Note: Original locations have been randomized to obscure actual addresses.

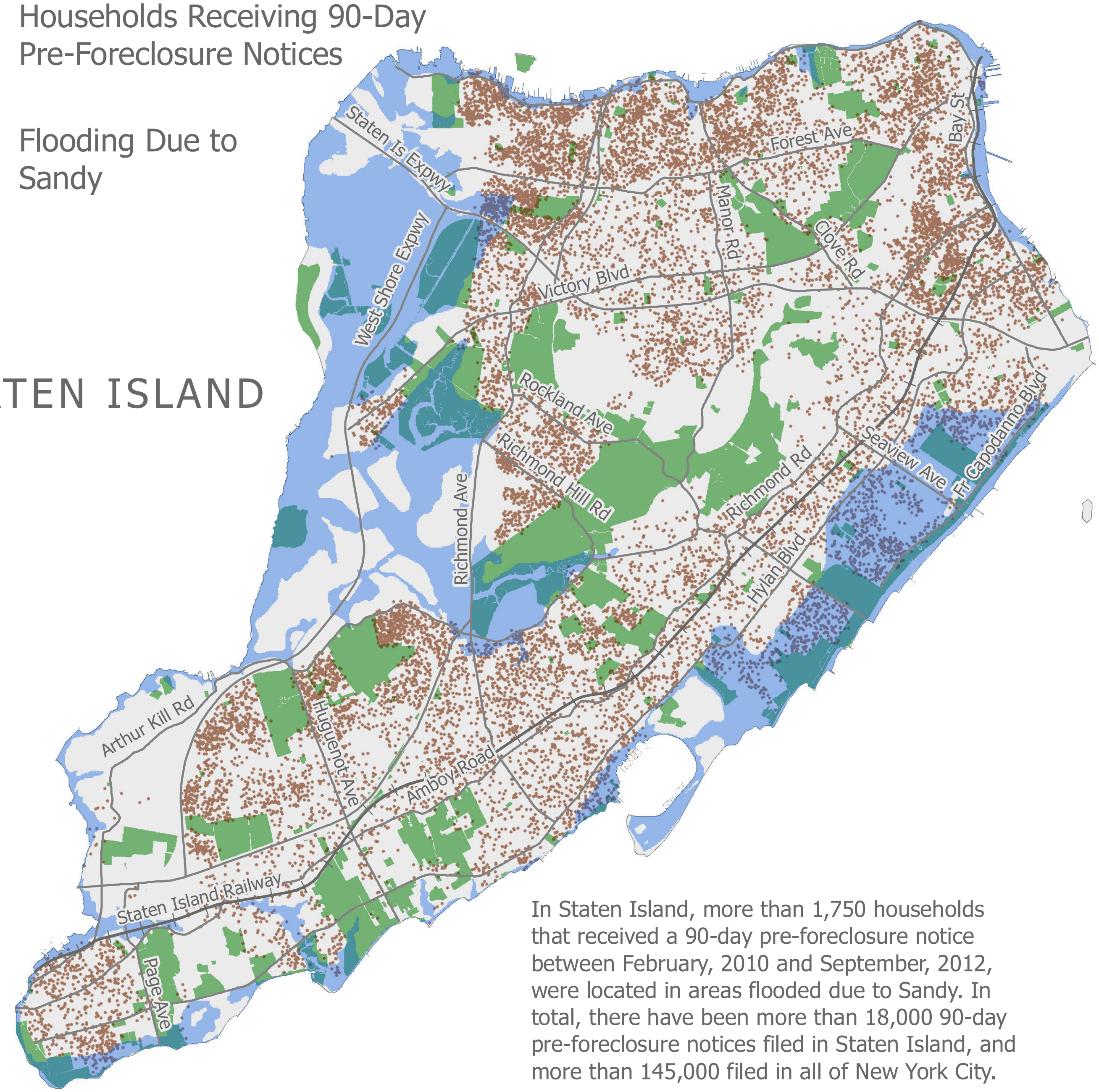
Data Sources: FEMA/USGS1-Meter High Resolution Interim Sandy Flooding; Department of Financial Services 90-Day Pre-Foreclosure Notices from February 2010 to January 2013; New York City Department of City Planning LION Street data; MTA New York City Transit

cnycn
CENTER FOR NEW YORK CITY NEIGHBORHOODS

Staten Island - New York City

Households Late on Mortgage Payments and Affected by Sandy Flooding

- Households Receiving 90-Day Pre-Foreclosure Notices
- Flooding Due to Sandy



In Staten Island, more than 1,750 households that received a 90-day pre-foreclosure notice between February, 2010 and September, 2012, were located in areas flooded due to Sandy. In total, there have been more than 18,000 90-day pre-foreclosure notices filed in Staten Island, and more than 145,000 filed in all of New York City.

Note: Original locations have been randomized to obscure actual addresses.

Data Sources: FEMA/USGS Preliminary Field Verified 10-Meter Storm Surge Extent; Department of Financial Services 90-Day Pre-Foreclosure Notices from February 2010 to September 2012; New York City Department of City Planning LION Street data; MTA New York City Transit data

cnycn

CENTER FOR NEW YORK CITY NEIGHBORHOODS