

FUND FORECLOSURE LEGAL ASSISTANCE NOW

The Program: Urgent Need

- The Dodd-Frank Wall Street Reform Act, HR 4173 Sec. 1498, authorizes \$35 million in funding for legal services programs to assist low-and-moderate income homeowners and tenants in foreclosure, but the money has not been appropriated. Funding priority goes to legal organizations in the 125 metropolitan areas with the highest foreclosure rates.
- Lawyers for homeowners are crucial in a process riddled with negligence and inefficiency. Recent revelations about “robo-signing” and massive numbers of faulty foreclosure filings show what can happen when homeowners are unrepresented. Homeowners need legal help to navigate complex and inaccurate paperwork and court filings hastily processed by banks.
- Tenants are routinely evicted in violation of both state and federal laws. Approximately 40 percent of affected households are tenants. Widespread violation of the Protecting Tenants at Foreclosure Act and state tenant protection laws has and continues to result in countless illegal evictions.

No Foreclosure Relief in Sight

- The foreclosure crisis is not over – it may even be getting worse. Banker & Tradesman predicts that a “second wave” of the foreclosure crisis is imminent as loan modifications fail and unemployment remains high.
 - 1 in 78 households received a foreclosure filing in the 1st half of 2010.
 - 6.7 million homes are in some stage of delinquency or foreclosure according to the Financial Times. As of December 2009, approximately 2.5 million homeowners had lost their homes.
 - A record number of properties were seized in 2010, up 35 percent from 2009.
- Legal assistance makes a difference. All foreclosing banks are represented by attorneys, but most homeowners in foreclosure cannot afford an attorney. Legal services programs play an integral role in foreclosure prevention, including:
 - identifying illegalities in the mortgage origination process.
 - assisting with loan modification applications and the modification process.
 - advising homeowners on bankruptcy protections and alternatives to foreclosure.
 - defending tenants who are being forced out following foreclosure.

Shrinking Capacity, Greater Needs

- Legal services funding is in crisis. For every person federally funded legal services providers help with a foreclosure case, they must turn away two more.
- Interest on Lawyer Trust Account (IOLTA) revenue, the second largest source of funding for legal aid, has declined by 75 percent. In addition, state budget crises have forced additional reductions.
- The Institute for Foreclosure Legal Assistance (IFLA), a nonprofit organization that has been the major source of private foreclosure-related grants for legal services programs, will run out of funding in 2011. IFLA’s record of awarding, tracking, and evaluating these types of grants, demonstrates that foreclosure legal assistance can be highly effective in helping homeowners .