

THE REAL DEAL

NEW YORK REAL ESTATE NEWS

Local law firm launches Homesaver program

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One in every 242 Florida households filed for foreclosure in April. That total is up a whopping 146 percent from just a year ago, according to the latest RealtyTrac U.S. Foreclosure Market Report. And it's the second highest in the nation.

Miami-Dade County leads the way in foreclosure filings, with Broward close at its heels. Palm Beach County, meanwhile, ranked fifth in foreclosure activity in April. With home sales prices still down by double digits, experts expect the foreclosure cycle to continue.

Many South Florida homeowners are desperately crying out for help. That's one reason why Ft. Lauderdale law firm Greenspoon Marder just introduced a program to help mitigate losses for both banks and homeowners in the region.

Dubbed Homesaver, the program aims to prevent foreclosures in South Florida by bringing the homeowner up to date on their loan through two options: a one-time payment or a low-interest payment plan over a period as long as 12 months. Greenspoon Marder represents the lender.

"This kind of loss mitigation program focuses on early intervention and opens up a channel of communication between the homeowner, on the brink of foreclosure, and the lender, providing the homeowner with options to save their home," says Daniel Heredia, loss mitigation specialist at Greenspoon Marder. "More than 60 percent of homeowners facing foreclosure aren't aware of all the options available to avoid foreclosure due to minimal communication with the servicer."

Greenspoon Marder's program is significantly different from a recently launched Fannie Mae program. Fannie Mae offers qualified homeowners facing foreclosure a new, unsecured 15-year loan of up to \$15,000. Homeowners don't have to make payments or pay interest for six months. After six months, the homeowner pays a fixed 5 percent rate.

With the Homesaver program, Greenspoon Marder serves as a liaison between the bank and the homeowner facing foreclosure. The firm negotiates forbearance plans, loan modifications, and deed in lieu of foreclosure. Greenspoon will also work with realtors if the homeowner needs a short sale.

Although law firms may generate steady income serving as a liaison between banks and distressed homeowners, Robert Strupp, director of research and policy at the Community Law Center in Baltimore, Md., says he wouldn't describe the practice as especially lucrative. But, he adds, it's not merely about collecting attorneys fees.

"It makes more sense to stem the tide of foreclosures than to deal with them after they happen," Strupp says. "Vacant properties have negative consequences for entire communities and cause a implosion in real estate values. Our whole economy is tied up in this. We need more attorneys helping homeowners

save their homes."

South Florida law firms don't necessarily need to launch full-blown programs to do their part to address the foreclosure crisis. Attorneys can represent individual homeowners directly through pro bono programs. Like formal loss mitigation programs, new pro bono programs are also springing up help homeowners save their homes, according to Allison McDermott, deputy director of Pro Bono Net, a New York City-based nonprofit organization that offers volunteer opportunities to attorneys.

"The sticking point in setting up foreclosure pro bono programs is the law firm's conflict of interest with financial institutions," McDermott says. "But city bar associations can do research and let firms know what they can and can't do in light of their relationships with banks. And banks are coming together with law firms to work through these conflicts."

For Greenspoon Marder's part, Heredia reports the participants so far have been receptive to the Homesaver program. Lenders are not in the business of owning property, he says, they are in the business of keeping loans performing.

"It's a great feeling to save someone's home," Heredia says. "Any law firm can just process a foreclosure and turn off their emotions, but you have to put yourself in the homeowner's situation. It's very personal."

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