

To: Kattie M. Bond, Director
Re: CDBG-R
Department of Neighborhoods
One Government Center, Suite 1800
Toledo, Ohio 43604

From: Kevin C. Mulder
Legal Aid of Western Ohio, Inc.

Re: Public Comment on Community Development Block
Grant – Recovery Program

Date: May 28, 2009


Please accept the following comments regarding the proposed allocation of funds under the Community Development Block Grant – Recovery Program.

1. The proposed activities for the expenditures of these funds does not seem to have been developed through any kind of public comment process. Given the substantial sum of money involved, the City should have solicited input and recommendations on the allocation of these funds. If that occurred, I was not aware of it.

2. The amount and scope of the funds allocated to combat the epidemic of mortgage foreclosures are wholly inadequate. The description of the activity accurately describes the extent of the foreclosure crisis and its effect on individuals and neighborhoods. We applaud and support the programs operated by the Fair Housing Center. To allocate only \$215,000 to combat foreclosures, however, and to limit the assistance to only one component of what needs to be a multi-faceted response to the crisis, is inadequate. At least \$500,000 of the CDBG-R funds should be allocated to address the foreclosure crisis. In addition to rescue funding, funds also should be allocated to legal assistance and credit counseling programs. An allocation of \$200,000 would support a full time attorney, a full time paralegal, and support staff to address the foreclosure crisis through education and advocacy.

Having an attorney involved in the foreclosure process can greatly enhance the homeowner's capacity to contest the foreclosure and negotiate more favorable terms. Without an attorney's assistance to analyze and challenge applicable legal issues involving the mortgage, loan modifications – even those initiated with short-term financial incentives to the lender – often prove unaffordable or unenforceable over the long term. Many homeowners with loan modifications often end up with higher monthly payments and with unreasonably higher fees and costs amortized as part of the modified loan, increasing the chances that the homeowner will again be in default within the first two years following the modification.

Thank you for considering these comments. I urge the City to reconsider its allocations of the CDBG-R funds and to strength its response to the foreclosure crisis affecting Toledo homes and neighborhoods.



Kevin C. Mulder
Executive Director
Legal Aid of Western Ohio, Inc.

5/28/09

Date