



PHILADELPHIA'S MORTGAGE FORECLOSURE DIVERSION PROGRAM

CELEBRATES THREE-YEAR ANNIVERSARY

By Stefanie Fleischer Seldin

Louisa Anderson, a mother of two children and a grandmother of four, stopped working in the summer of 2009 due to an illness. Louisa (not her real name) fell behind on her mortgage payments as she struggled to pay her other bills. In June, she received a foreclosure complaint, a court date, and a notice instructing her to call the Save Your Home Philly Hotline at Philadelphia Legal Assistance. She called that number and was scheduled to meet with a housing counselor from Intercultural Family Services. The court date was for her first conciliation conference in the Philadelphia Residential Mortgage Foreclosure Diversion Program, which began in June 2008 to give lenders and borrowers an opportunity to resolve the foreclosure matter and to try to save as many homes from foreclosure as possible.

Louisa arrived at Courtroom 676 City Hall for her conference, fearful of what was going to happen to her home and worried that she and her family would become homeless. "I didn't know anything about foreclosure; I was so scared," said Louisa. When she arrived, her housing counselor, Mary Campbell, took her to the table with the blue banner that said "Philadelphia VIP." Philadelphia VIP is a nonprofit organization that provides pro bono counsel to low-income Philadelphians. After her intake was completed by a VIP volunteer paralegal from Pepper Hamilton LLP, she was matched with volunteer attorney Alan Promer of Hangley Aronchick Segal & Pudlin. Alan had taken the mortgage foreclosure training course from Philadelphia VIP and was volunteering for court that day. He agreed to represent Louisa in court for her conference.

Alan and Louisa discussed her situation, and Alan assured her that he would be with her throughout the process and would do his best to help her. "No matter what kind of problem or question I had regarding foreclosures, Alan was always helpful and explained everything to me," Louisa says. Alan helped her secure another conciliation conference, which allowed more time to gather the documentation

requested by the lender. He also agreed to continue representing her on an ongoing basis pro bono. Within a couple of months, Alan was able to negotiate a successful resolution that allowed Louisa to stay in her home and to make a lower mortgage payment. Louisa immediately began paying her altered payment amount.

A few months later, the mortgage company contacted Louisa claiming she was in default, and her house was going back into foreclosure. In a panic, Louisa turned to Alan for help. Without any hesitation, Alan quickly began working on her case, again free of charge. "I never doubted Louisa. I knew she was making the

payments, and I was determined to help her," said Alan. After talking with the mortgage company, Alan was able to clear up the issue, and Louisa finally was no longer at risk of losing her home. Alan describes his volunteering experience with great pleasure: "Louisa was determined to keep her house. She honored me with her trust and acted not only like a concerned resident but also like a professional. She was very responsible and responsive... Every time I interacted with Louisa, I couldn't help but notice her pure heart and great soul."

June 2011 marked the three-year anniversary of the Philadelphia Residential Mortgage Foreclosure Diversion Program – the first program of its kind in the nation. The Reinvestment Fund presented its initial report evaluating the program in June. Among eligible homeowners who participate in the Diversion Program, approximately one-third enter an agreement with the plaintiff. In cases that come into the program immediately after the foreclosure complaint is filed, homeowners achieve agreements in nearly 40 percent of cases. In cases where a volunteer attorney assists a homeowner on an ongoing and continuous basis and the homeowner is actively engaged, 74 percent of homeowners save their homes. Not surprisingly, since the program's inception there

has been a substantial decrease in homeowners losing their home to sheriff sale. The Reinvestment Fund also examined the sustainability of the agreements achieved and found that 85 percent of homeowners with agreements were still in their homes. The Reinvestment Fund examined cases with an agreement achieved from inception to June 30, 2009. The look-back was done on March 31, 2011; thus, the agreements reached were between 21 and 33 months post-agreement. These are extraordinarily positive outcomes.

So how did this groundbreaking program come to exist? In 2008, foreclosures were closing in on nearly 8,000 filings and were rising. Judge Annette M. Rizzo and former President Judge C. Darnell Jones II from the Philadelphia Court of Common Pleas, along with Philadelphia city officials and the Mortgage Foreclosure Steering Committee (founded in 2004 by Judge Rizzo) worked tirelessly and, after a mere seven weeks of planning, the Philadelphia Residential Mortgage Foreclosure Diversion Pilot Program began in June 2008. The program was created by a court regulation of the First Judicial District signed by Judge Jones and Administrative Judge D. Webster Keogh.

The Steering Committee is comprised of representatives from the City Law Department, the Office of Housing and Community Development, lenders' attorneys, Community Legal Services, Philadelphia Legal Assistance, Philadelphia VIP, housing counseling agencies, the Sheriff's Office, and the Philadelphia Bar Association. There was strong involvement from a number of Philadelphia Bar Association leaders, including Michael G. Balent of PNC Bank; Stephen M. Foxman of Eckert Seamans Cherin & Mellott, LLC; and Kenneth J. Fleisher of Zarwin, Baum, DeVito, Kaplan, Schaer, Toddy, P.C., who all played crucial roles in the program's founding and continued success.

The Diversion Program continues to thrive in no small part because of extraordinary participation of the Philadelphia Bar Association through the Steering Committee and through recruitment of volunteer lawyers and judges pro tem from the Bar sections, in particular the Real Property Section, the Business Law Section, Public Interest Section's Law Firm Pro Bono Committee and the Women in the Profession Committee. Also of extraordinary assistance to the program were the staff and attorneys of the First Judicial District and Prothonotary's Office, particularly Dominic J. Rossi, Charles Mapp, and the indefatigable Rachel Gallegos, who administers the Diversion Program.

A standing ovation should be given to the nearly 475 volunteer attorneys who have stepped up through Philadelphia VIP to assist homeowners. Also, senior members of the Philadelphia Bar have participated in the VIP training in order to give many hours to the Diversion Program volunteering as judges pro tem. At times when a homeowner and a lender are unable to reach an agreement, a judge pro tem steps in to assist as a mediator. In total, volunteer lawyers have donated an astonishing \$2 million in pro bono legal services to the Diversion Program.

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The Diversion Program has been highlighted as a national model that produces successful results for homeowners in what otherwise is an incredibly overwhelming and confusing process for the homeowner who has to face it alone. Most homeowners who face foreclosure without assistance of a housing counselor or attorney find it impossible to reach a successful agreement with their lender.

The U.S. Senate Judiciary Committee, the American Bar Association, and the White House have all recognized the program as an effective tool to combat the mortgage foreclosure crisis. On Oct. 24, 2008, a U.S. Senate Judiciary Hearing was held on the Residential Mortgage Foreclosure Diversion Program, attended by both then-Sen. Arlen Specter and Sen. Robert P. Casey. In 2009, the Philadelphia Bar Association received the American Bar Association's prestigious Harrison Tweed Award for its work developing the Diversion Program. On Nov. 19, 2010, Judge Rizzo was asked to speak about the Diversion Program at the White House by the Access to Justice Initiative of the U.S. Department of Justice and Vice President Joseph Biden's Middle Class Task Force.

What started out as a local, collaborative response to the foreclosure problem is now a national model that has inspired similar programs throughout the nation. Fifteen states and 17 counties in Pennsylvania have diversion programs. Judges and other advocates meet monthly to strategize how to implement these programs in every Pennsylvania county.

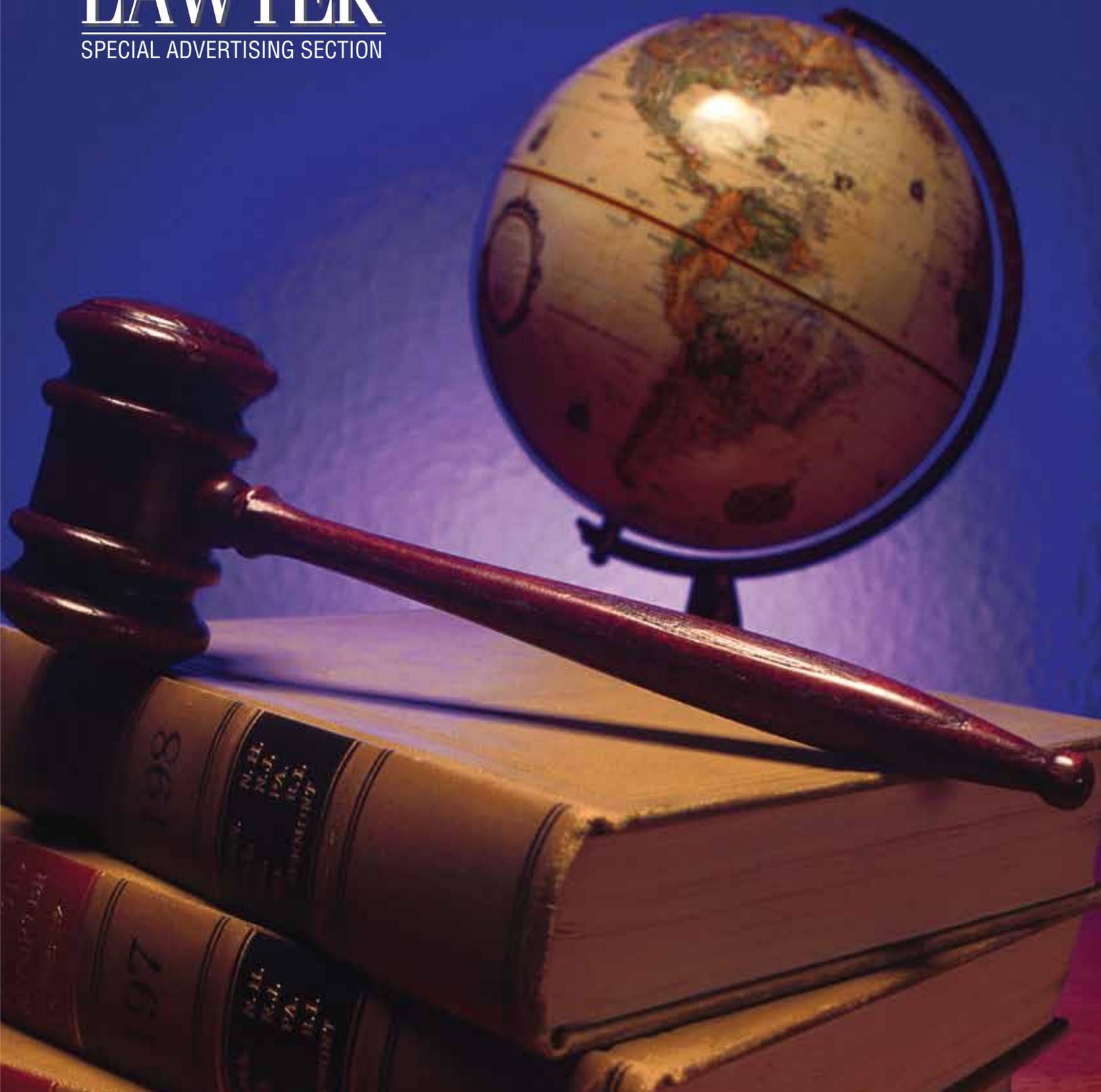
The program is not resting on its laurels. The program has changed over the course of three years; the Steering Committee, through the meticulous leadership of Chair Lesia Kuzma of the City of Philadelphia Law Department, still meets often to monitor progress on both the Diversion Program and other issues around foreclosures. Shortly, with the collaboration of PNC Bank, participants in the Diversion Program will have access to information on financial literacy.

It is thanks to the Diversion Program and all of its many stakeholders that so many Philadelphians have been able to save their homes. Make no mistake on the city-wide impact of this program: the program has prevented homelessness for those facing foreclosure as well as preventing the depreciation of the home values of those whose neighbors would have lost their homes.

Even with the success of the program, however, the need for volunteer attorneys continues to be immediate and necessary: lenders' attorneys who sit on the Steering Committee have reported that the pace of foreclosures is going to pick up soon. As we celebrate three years of hard work and volunteerism for our city, we are cognizant of how much work there is still left to do. Philadelphia VIP invites you to join us in this essential effort by signing up on the VIP website at www.phillyvip.org; click "Volunteer Today." ■

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Michael W. Cardamone has successfully represented injured workers in Pennsylvania for more than ten years, netting his clients millions of dollars in wage loss and medical benefits. He manages the Blue Bell, PA office for Krasno Krasno & Onwudinjo - ranked a top law firm in the nation by U.S. News and Best Lawyers.

Michael has served as an expert speaker at workers' compensation seminars, and has been published in the Legal Intelligencer. He does not represent insurance companies or employers, and 100% of his practice is devoted to Pennsylvania Workers' Compensation on behalf of injured workers. Michael is often contacted by other Pennsylvania attorneys for advice about Pennsylvania Workers' Compensation practice and procedure. Michael offers other attorneys referral fees for sending him workers' compensation cases. He is available for free consults 7 days a week at 215-206-9068 or via email at mcardamone@krasno.com. You can follow him on Twitter at PhillyLawyer.

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Lyn's standing as one of the leading family law attorneys in the western suburbs is evidenced by the many satisfied clients who refer family and friends to her for sophisticated and sensitive handling of all types of domestic matters, including the most complex marital estates. Her fellow lawyers have recognized her by electing her chair of the 2009 Family Law Section of the Delaware County Bar Association, where she worked closely with judges of the family law bar to improve and streamline court procedures.

She has also been recognized for her long-term volunteer services by the Women's Resource Center and Domestic Abuse Project. She has served as judge pro tem for the Delaware County Court of Common Pleas and regularly lectures on family law.

GSSCD attorneys also serve clients in areas of employment and business, estate administration, disability, education, workers' compensation, personal injury, and criminal defense. GSSCD partners are all "Pennsylvania Super Lawyers."™

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As baby boomers enter retirement, they're concerned about protecting their savings, making good investment decisions and finding quality health care—for themselves and possibly for aging parents. But their savings and quality of life may be at risk. Too often, seniors or their adult children helping them wait for an emergency before getting documents—wills, directives, power of attorneys and trusts—into shape, all part of Elder Law.

Debra Speyer is recognized for her work in senior law, those ages 50 and above. Estate planning, guardianship, probate/estate administration and life planning are just a few of the areas that Debra Speyer as an Elder Law attorney handles.

Speyer is particularly passionate about helping people recover money from unsuitable stockbroker investments. Before opening her practice, she was an attorney with the Enforcement Division of the National Association of Securities Dealers, now FINRA.

Considering her experience, her dedicated focus and her commitment to her clients, it's easy to see why many attorneys and former clients refer cases to her. Although headquartered on the Main Line, she's also licensed to practice law in Washington, D.C., Maryland, Connecticut, New York and Florida, and serves as adjunct professor of law at the Earle Mack School of Law at Drexel University.

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