



# Housing & communities

The annual publication of the parodneck foundation

No. 67

Working with People to Build Better Housing for Better Communities Winter 2002-2003

## Ford Foundation supports anti-Predatory Lending initiative makes \$300K grant to Parodneck foundation and partners

In the summer of 2002 the Parodneck Foundation and two partner organizations — South Brooklyn Legal Services and the Neighborhood Economic Development Advocacy Project — received a \$300,000 grant from the Ford Foundation to support our innovative work on the front lines of the battle against predatory lending in New York City. The award has enabled us to expand and develop what has become one of the most comprehensive and effective anti-predatory lending initiatives in the U.S.

“Our collective work addresses the root causes of predatory lending — inadequate laws, insufficient education, and a dearth of affordable credit in poor neighborhoods — and remedies some of its abuses,” said Parodneck Foundation president Harold DeRienzo.

The Parodneck Foundation has used its share of the grant to expand the New York Remediation Project, which rescues senior homeowners in imminent danger of losing their properties to foreclosure as the result of the actions of unscrupulous lenders and contractors. Since its inception, the program has successfully developed comprehensive financial assistance packages for 41 seniors — enabling them to continue living independent, dignified lives in their own homes.

“Fannie Mae is supporting several antipredatory lending refinance initiatives across the county,” said Jacqueline O’Garrow, Senior Deputy Director at Fannie Mae’s New York Partnership office. “The Parodneck initiative is one of the most successful and a model for how effective

collaborations can come together to help victims of predatory lending.”

### Predatory Lending Strikes New York’s Minority and Working Class Neighborhoods

The Foundation became involved with the predatory lending issue in the late 1990s, when desperate senior citizens began turning to us for help. For years, our Senior Citizen Homeowner Assistance Program (SCHAP) has assisted elderly homeowners with low-cost home improvement loans and technical assistance. Several years ago, the SCHAP program staff began meeting seniors with very troubling stories and financial problems far too serious for the SCHAP program alone to remedy.

The SCHAP staff had run up against the tip of a very large iceberg. Predatory lending occurs when vulnerable homeowners are tricked into

unnecessarily converting their home equity into debt with exorbitant fees and high interest rates. Predatory lenders typically target elderly or poor homeowners on fixed incomes and induce them to take on new debt at onerous terms, sometimes through fraudulent means. When the victims realize that they have been tricked it is usually too late — they are trapped making monthly payments they cannot afford for loans they often did not need. In most cases, the owner eventually loses his or her property to foreclosure. At an individual level, the results are typically devastating, particularly for vulnerable senior citizens. And in the last few

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*HPD Commissioner Jerilyn Perine speaking at the press conference announcing the Remediation Program’s expansion into Queens.*

### Tenants take leadership in Bronx MHA

### Inside this issue:

Loan Fund strengthens tenant co-ops

SCHAP program advances a milestone \$2M in loans

# Affordable housing now!

## PF takes part in Washington mutual bank's walk-a-thon for affordable housing

On a warm, sunny Sunday in late September, a team of over forty friends and supporters of the Parodneck Foundation joined hundreds of other people in Central Park. The crowd was there for fun and for a good cause — to participate in a walk-a-thon sponsored by Washington Mutual Bank.

Washington Mutual Bank, a Seattle-based financial institution, established a presence in New York City when it purchased Dime Bank in 2001. Washington Mutual Bank has a strong commitment to housing issues, and it decided to organize a walk-a-thon to call public attention to the dire shortage of decent, affordable housing in the New York region. The bank designed the event as a way for local non-profit housing organizations raise funds through pledges.

The day's walk started in Central Park, went north and then west along 126th Street, and ended at Morningside Park. An information fair at the end of the walk provided

participants with opportunities to learn about other housing and community groups. Entertainment was also provided: Wyclef Jean and the Antibalas African Orchestra performed on a large tent set up at the south end of Morningside Park.

For the Parodneck Foundation, the event was a tremendous success. The generosity of our friends and supporters was overwhelming: in the end we received more than

\$17,000 in donations. We are very grateful to everyone who donated, and to Washington Mutual Bank for sponsoring the event.



*Parodneck Team members assembling in Central Park before the walk*

## Thank you to our sponsors

*The Parodneck Foundation would like to thank the foundations and corporations listed below. Each of you generously supported our efforts during 2002. Without your support, we would never have been able to do the things you are reading about in this newsletter.*

- BANK OF NEW YORK —
- Beyond shelter coalition —
- BOOTH FERRIS FOUNDATION —
- CITIGROUP FOUNDATION —
- FANNIE MAE foundation —
- FORD FOUNDATION —
- FUND FOR THE CITY OF New York —
- GREENPOINT bank —
- HSBC bank u.s.a. —
- J.P. MORGAN CHASE foundation —
- New York city department of housing preservation and development —
- NEW YORK COMMUNITY TRUST —
- TACONIC FOUNDATION —
- WASHINGTON MUTUAL foundation —

# President's Report

Each year I write about our organization's accomplishments over the past twelve months and reflect on the challenges and opportunities before us. As you read



*Parodneck Foundation President  
Harold DeRienzo*

through this year's newsletter you will no doubt be struck by the enormous amount of work that our small organization undertakes. For anyone who follows the news, there is no need to be reminded of the difficulties all organizations working with the poor face because of New York City's very difficult fiscal situation, the state's fiscal problems, and the tremendous marshaling of national resources in preparation for war.

And as we prepare for war, I cannot help but think of something that Meyer Parodneck was always quick to remind us, that wars only enrich individuals, while impoverishing nations – even the victorious ones.

This year, however, I feel compelled to reflect on a different topic; one often overlooked in annual reports and program summaries. Too often, we take certain resources – our human resources – for granted, as though funding and the presence of a charismatic leader alone solve problems. But upon brief reflection, it is evident that our organization succeeds only because of the caring, competent, capable people who each day devote the majority of their waking hours to fighting for human survival, dignity and progress. This year I devote my report to what gives the Parodneck Foundation its unique character and its capacity – the people who make up our organization.

I have seen people living in dire circumstances. In the seventies, I witnessed children filling buckets of water at the fire hydrant, and their mother hauling the buckets by pulley up to their top floor apartment – buckets that barely provided enough water for cooking and cleaning. In the eighties, I saw homelessness extend beyond the so-called "Bowery Bum" to even those with jobs. In the early nineties I witnessed a generation of young people destroy themselves and those around them by selling and consuming crack. People have an enormous capacity for adaptation, and can adapt even to circumstances that are oppressive, exploitative, dangerous,

unhealthy, and demeaning. But when such circumstances erode into situations that threaten to tear the last threads of their human dignity and even their lives, they need somewhere to turn for help. Hope is often reserved for people who already have options. This is why it is so important for a person seemingly without options to be able to call a not-for-profit organization for help and connect to another person who is able to provide hope as a real option.

You might think that this is overly dramatic; that there is no need for people to wait until things get so bad before they reach out for assistance. But this is the reality. All societies are defined by their predominant economic arrangements. Our society's economic arrangements are based upon small, mobile social units (the individual and the family), individually-oriented consumption as an overriding societal value, individual competition as the primary means of economic allocation, and mass consumption of centrally-generated information. Under these conditions, the vulnerable are often condemned to fend for themselves. That is why our civic associations, voluntary groups and not-for-profit organizations are so important. They provide assistance that may at one time have been provided by the simple attribute of neighborliness, an attribute that becomes more and more rare as we "progress." I truly believe that the Parodneck Foundation fulfills such a role. But that is only due to the people who make up our organization.

I will start with our staff. The work that we do is too difficult to carry out effectively unless the people doing it care about the people we work with and being personally invested in the successful resolution of their problems. The work is just too difficult. This past year we worked with one senior who had lost her home through foreclosure. Using our collective talents, and filling in for one another when necessary, we succeeded in helping the woman recover the title to her home. This collective "can do" attitude extends beyond our office, affecting those we work with in other organizations. There is no way we could have succeeded without the help of those involved in the foreclosure and the proposed work-out. Outside entities took risks – in part because our staff stood behind our conviction and our dedication to assisting this unfortunate senior citizen.

No one in our organization has a monopoly on information, outside contacts, or technical capacity. Every

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*Some of the Parodneck Foundation staff (from left to right): Executive Assistant Thomasina White, Loan Processor Arelis Tejera, Parodneck Foundation friend Deyadel Reyes, and CATCH Organizer Tadessech Scott*

# 2002 at the foundation



*During the December holidays, The Parodneck Foundation adopted a family.*

*Staff members donated toys to help spread holiday cheer.*



## The Parodneck Foundation Staff

Harold DeRienzo, President  
 Amanda Garcia-Reyes, Vice President of Operations  
 Carlton Collier, CATCH Vice President  
 Howard Banker, Vice President for Programs

Arelis Tejera, Loan Processor  
 Bridget Sumser, Program Intern  
 David Hurd, Director of Economic Development  
 Garnold King, Rehabilitation Specialist  
 Ismael Laboy, Bookkeeper  
 Millie Morales, Head Bookkeeper  
 Ola Blanchard, Rehabilitation Specialist  
 Paul D'Ascoli, Lending Consultant  
 Rafael Rodriguez, Administrative Intern  
 Renee Lindo, Organizer  
 Robin LeBaron, Program Administrator  
 Sonia Rivera-Williams, Program Manager  
 Sotirios Assimacopoulos, Loan Officer  
 Tadessech Scott, Organizer  
 Thomasina White, Executive Assistant  
 Virginia Ortiz, Administrative Assistant



### FINANCIAL ASSISTANCE PROVIDED BY THE PARODNECK FOUNDATION IN 2002

Program	No. of Buildings	No. of Units	Amount
SCHAP	56	93	\$2,023,357.00
HDFCs	2	7	\$34,000.00
<b>TOTAL</b>	<b>58</b>	<b>100</b>	<b>\$2,057,357.00</b>

## The Parodneck Foundation board of directors

Board Member	Board Position	(Affiliation provided only for purposes of identification)
Irma Rodriguez	Chairperson	Forest Hills Neighborhood House
Harold DeRienzo	President	The Parodneck Foundation
Dr. Harold Wattel	Treasurer	Retired Dean at Hostra University
Eugenia M. Flatow	Asst. Secretary / Asst. Treasurer	New York Soil and Water Conservation
Jerome Liblit	Board Member	Private consultant
Elizabeth Rodriguez-Jackson	Board Member	Federal Reserve Bank of New York
Mark B. Anderson	Board Member	Private consultant
Susan Hyman	Board Member	JP Morgan Chase Bank
Jordi Reyes-Montblanc	Board Member	WestSide HDFC Council
Irma J. Lawrence	Board Member	Retired civil servant

# CATCH annual report

Amidst the activity of another extremely busy and successful year, two events stand out as milestones. In June, CATCH celebrated completion of the first phase of our Central Harlem NRP project with a press conference and tour of our most extensively renovated apartments to date. And in December CATCH staff and an outside observer



*308 West 151st Street before renovations, autumn 2001*

supervised elections for the conversion of the South Bronx CATCH Mutual Housing Association from sponsor to resident control.

## Rehabilitation and Development

Through CATCH's Central Harlem NRP project, our largest initiative to date, we are rehabilitating six formerly city-owned buildings in the Bradhurst Avenue and 152<sup>nd</sup> Street area. The new apartments, which were



PHOTO: MARCIA EVANS

*Christmas in the community room at 234 Bradhurst Avenue, made exciting by toys donated by the Children's Aid Society*

completely reconfigured to create more living space, will provide much-needed affordable housing for local residents.

On June 13<sup>th</sup> several of CATCH's friends and supporters, including Bill Frey, Senior Vice President of The Enterprise Foundation, HPD Deputy Commissioner John Warren and HPD Assistant Deputy Commissioner Anne-Marie Hendrickson, spoke at a ceremony marking the completion of the first three buildings. After the press conference the one hundred friends and neighbors in attendance toured the shiny new buildings and ate from the buffet generously provided by JF Contracting Corp., the general contractor on the project.

Work on the second phase of the project is scheduled for completion in June 2003.

In June CATCH also closed on a construction loan for the building at 377 Edgecombe Avenue. CATCH has been working with this 16-unit building since 1997, when the office of former city councilmember Stanley Michels called to ask for our help. CATCH responded by taking management of the building through the city's 7A program.

In the Morrisania neighborhood of the South Bronx, CATCH finished rehabilitation work at 865 East 167<sup>th</sup> Street – the last of three buildings to be rehabbed with a construction loan from HPD and JPMorganChase Bank. This building and two others – at 1203 Fulton Ave. and 575 East 168<sup>th</sup> Street – were put under CATCH's control through the pilot round of the Third Party Transfer program, which transfers buildings from tax delinquent landlords to responsible "third party" owners. All three buildings received new boilers, new wiring, new plumbing, and completely new kitchen and bathroom areas, as well as a great deal of other cosmetic work.

During 2002 CATCH also closed on title and a construction loan and began work on a three-building project in the Highbridge neighborhood of the Bronx. The city, which is funding the rehabilitation through its Neighborhood Redevelopment Program (NRP), agreed to fund the installation of an elevator that will link two of these buildings, making them fully

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PHOTO: LARA GUERRA

*308 West 151st Street after renovations, autumn 2002*

*In June, CATCH celebrated the completion of the first phase of the Central Harlem NRP project with a public tour of our most extensively renovated apartments to date.*

# SCHAP PROGRAM

## IN BEST YEAR EVER, SENIOR ASSISTANCE PROGRAM MAKES OVER \$2M IN LOANS

*What do you do if you're a senior citizen homeowner and your roof starts leaking? Or your boiler breaks down on the coldest day of the year? Or your front steps start collapsing from dry rot? Or the wind starts blowing in around your windows? Or patches of mold are congealing on your bathroom walls?*



The SCHAP program provided funds for Ms. Leona White to renovate her two bathrooms and weatherize the exterior walls of her Brooklyn home.

What do you do if you're a senior citizen homeowner and your roof starts leaking? Or your boiler breaks down on the coldest day of the year? Or your front steps start collapsing from dry rot? Or the wind starts blowing in around your windows? Or patches of mold are congealing on your bathroom walls?

The answer: You call the Parodneck Foundation's Senior Citizen Homeownership Assistance Program (SCHAP). The SCHAP program provides low- and no-interest loans to elderly homeowners who need repairs or are facing foreclosure. SCHAP program staff also provide extensive "soup-to-nuts" technical assistance: they help seniors bid out the work and select a responsible contractor, they monitor the construction work, and they provide follow-up assistance and counseling as necessary.

In some cases, the Parodneck Foundation also draws on other resources to help elderly homeowners who are in danger of losing their homes to foreclosure. If a senior has fallen behind on taxes, mortgage payments, or other home-related bills, the Parodneck Foundation can sometimes make a loan from its own loan fund.

In 2002 the SCHAP program provided more financial assistance than in any previous year, just topping the \$2 million mark. We provided assistance to 56 senior homeowners, whose homes contain a total of 93 dwelling units. These loans had a tremendous impact. Seniors who were living in uncomfortable and even life-threatening conditions have had their homes renovated and their problems resolved. The program has played a crucial role in enabling many seniors to continue leading dignified, independent lives.

SCHAP Program Manager Sonia Rivera-Williams says one of the times the program made the most difference this year was when a 72-year old client's boiler broke down on a



SCHAP Program Manager Sonia Rivera-Williams (right) at a loan closing with SCHAP client Virginia Johnson.

cold winter day. "It was really cold and the client had no heat at all," Rivera-Williams says. "The boiler just shut down on her."

The client's loan hadn't closed yet, but the documents were ready and a contractor had already been approved. Rivera-Williams called the contractor, and asked if he could help. "He went out and tinkered with the boiler until the heat came back on," she recalls. The loan was approved and closed shortly after.

In another memorable 2002 case, a fire destroyed the



SCHAP client Ms. Virginia Johnson. A SCHAP loan (the same one Ms. Johnson is signing for in the photo above) enabled her to have her Brooklyn home painted, and to have new kitchen walls, new floors, and a new electrical system installed.

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# Annual Report

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Brooklyn house where a senior citizen had lived most of his life. The damage was so extensive that an extraordinarily large loan was required. In the end, the Parodneck Foundation and the local Neighborhood Housing Services organization collaborated: each provided half of the amount necessary to repair the damage and return the senior to his

home.

The SCHAP program is funded primarily by the New York City Department of Housing Preservation and Development. Additional funding comes from the New York State Affordable Housing Corporation and the New York State Housing Trust Fund.

## One SCHAP client's Story

In 2000 Ms. Lillian Solomon was struggling to cope with some serious problems in her Bronx home.

"It's an old house and it was sinking into the ground," Ms. Solomon said. "There was a big leak in the roof. The ceiling in the bathroom was coming down. The shower didn't work. Water was going into the basement."



*Ms. Solomon in her renovated Bronx home, together with her son Jeffrey and her friend Lawrence of Arabia*

"I couldn't live here," she said. "But there was no option for me to move. I was absolutely hopeless."

At this point she heard about the SCHAP program, and she gave the Parodneck

Foundation office a call. She remembers that she got a new sense of hope when Parodneck Foundation engineer Garnold King came out to look at her home. "He walked into bathroom and right away knew it was an emergency situation," she says.

"And Sonia [Rivera-Williams, SCHAP Project Manager] came on the scene – she had a heart and took me under her wing," Ms. Solomon says. "She went out of her way and extended herself to help in my situation."

In April 2001 she closed a loan from the SCHAP program for a long list of repairs. The money enabled her to repair the roof, install new electrical wiring, install a new entrance door and hand rails, replace the deteriorated cement of the front walk, paint the house, and make many other improvements.

Ms. Solomon says that she has no idea what she would have done without the Parodneck Foundation. "You're really helpless when you're on a fixed income," she says. "It's hard to maintain yourself because cost of food is high. There's no room in your budget for anything except essentials."

She says the SCHAP loan transformed her life as well as her home. "Home is my sanctuary, and now my house looks nice," she says. "It gave me an incentive to invite people in, and to have an optimistic attitude."

*"I couldn't live here," said Ms. Solomon. "But there was no option for me to move. I was absolutely hopeless."*

*"Home is my sanctuary, and now my house looks nice. It gave me an incentive to invite people in, and to have an optimistic attitude."*

# CLIENTS' STORIES: THE NEW YORK REMEDIATION PROGRAM IN ACTION

*"The Parodneck Foundation took me as a client when no one else would," says Brooklyn homeowner David Montes.*

*"I was a victim of predatory lending-predatory lending tried to destroy people like me."*

*"They really care about you," Ms. Morency says of the Parodneck Foundation staff. "The moral support is just as good as the financial. Actually, it is what means the most to me."*

## Marie Morency's Story

Four years ago, when Brooklyn homeowner Marie Morency was struggling to care for her disabled daughter in a house that was rapidly deteriorating around her, an offer for a home repair loan that would help her fix everything from insulation to her bathrooms caught her eye. But the lender turned out to be predatory: the loan she signed for had an astronomical interest rate and a monthly payment plan that went far beyond what she could possible pay. Even worse, the broker arranged for her to hire a crooked contractor who never completed the home repairs and left her home in worse condition than it had been before.

After a long search for help, Ms. Morency discovered South Brooklyn Legal Services, which directed her to the Parodneck Foundation. She says that making these connections was a tremendous comfort after a long period of struggle and difficulty.

"They really care about you," Ms. Morency says of the Parodneck Foundation staff. "The moral support is just as good as the financial. Actually, it is what means the most to me."

Since she first went to the Parodneck Foundation in 1998 she has been able to consolidate her debt and refinance it to a manageable level. She is no longer in danger of losing her home to foreclosure. She also received a SCHAP home remediation loan for the much-needed home repairs. Contractors have fixed the leaks, redone the kitchen floor, replaced two bathrooms, installed new insulation, and repaired her basement.

"My life is a different story now," she says. "My home is so much better, I cannot even

explain it. The Parodneck Foundation is a good place. They can help, trust me."

## David Montes' Story

Brooklyn homeowner David Montes' financial problems started to accumulate soon after he retired from his job in the late 1990s. With only a fixed income, he found he was unable to pay his mortgage or to make necessary home repairs.

Mr. Montes sought help from a number of community groups and lawyers, but none could provide any real assistance. Eventually he was induced into signing for a home refinancing loan by a broker who turned Mr. Montes' vulnerability and home equity into a predatory loan. The terms of the loan

increased the payments on his already unmanageable mortgage substantially. The lender had promised that at his year review Mr. Montes would be able to refinance the loan and lower his monthly payments to a manageable amount. But when it came time

to refinance his loan the mortgage company turned his application down, leaving him paying out \$1400 a month.

In dire need, he finally located the South Brooklyn Legal Services, which helped him straighten out his paper work and directed him to the Parodneck Foundation. Foundation Vice President Howard Banker and his staff created a financial assistance package that enabled him to pay off his debt with a loan from HSBC and to lower his mortgage to an affordable level.

"The Parodneck Foundation took me as a client when no one else would," says Mr. Montes. "I was a victim of predatory lending-predatory lending tried to destroy people like me. I was in danger of losing my home, losing everything that I have worked for. They know

*(Continued on page 10)*



*Ms. Marie Morency*

*The New York Remediation Program helped Ms. Morency save her Brooklyn home and make many necessary repairs.*

# FORD FOUNDATION SUPPORTS ANTI-PREDATORY LENDING INITIATIVE, CONT'D FROM PAGE 1

(Continued from page 1)

years, predatory lending activities have become so widespread in certain areas — typically those with large concentrations of African American or Latino homeowners — that they are posing a serious threat to the social and economic stability of entire neighborhoods.

### Assembling the Pieces of a Solution

In the late 1990s the Parodneck Foundation began to explore ways to address the problem. One strategy was already being implemented at the offices of South Brooklyn Legal Services (SBLs), where a small team under the direction of attorney Josh Zinner was taking predatory lenders to court. In many of these cases SBLs was able to win concessions from lenders, who agreed to write off part of victimized seniors'

would be willing or able to provide financing.

"We are pleased that the secondary market could play a supportive role in this critically important initiative," said Jacqueline O'Garro of Fannie Mae.

But even with the concessionary write-downs obtained through SBLs' legal battles, victims' debts are typically still too high for them to obtain bank refinancing offered by members of the lenders committee.

"Most of our clients are tremendously indebted — some have well over one hundred thousand dollars in debt — when they approach us for help," said Parodneck Foundation Vice President Howard Banker. "They can't get a conventional loan that they have any hope of paying back unless their overall debt load is lightened a great deal."

The City of New York contributed a crucial piece to this complex

*"Fannie Mae is supporting several antipredatory lending refinance initiatives across the country," said Jacqueline O'Garro, Senior Deputy Director at Fannie Mae's New York Partnership office.*



*Leonard and Irene Richards of Queens Village. The Richards were in danger of losing their home to predatory lenders when they came to the Parodneck Foundation in 2001.*



*Through the Parodneck Foundation's Remediation Program, the Richards were able to rescue their home and refinance it at a rate they could afford. They also received a SCHAP loan that enabled them to make improvements such as new aluminum siding.*

debts. Even with these "write-downs," however, most victims still had tremendous debt loads at unaffordable interest rates. To save their homes, they urgently needed refinancing.

The Parodneck Foundation responded by convening a broad range of lending institutions to address the growing crisis. Leading New York-area banks — including JP Morgan Chase, Citibank, Greenpoint, HSBC, Washington Mutual, and Bank of New York — agreed to form a special standing "lenders committee" to consider loans to victims of predatory lending packaged by Parodneck Foundation staff.

Fannie Mae gave the initiative its support by creating special underwriting guidelines that enable it to buy these loans from the banks. Without this assurance of a secondary market for these loans, few of the conventional lenders

puzzle by revising the guidelines to the SCHAP loan program, which is administered by the Parodneck Foundation. The new guidelines enable the Parodneck Foundation to use SCHAP loan funds to help write down seniors' debts — but only in cases in which the predatory lender also agrees to a write down.

In many cases, even the combination of concessionary write-downs and SCHAP loan does not reduce a victim's debt load enough for it to be refinanced. The last part of the solution is the Parodneck Foundation's Gap Fund, a special pool of money contributed by JPMorganChase, HSBC, and Greenpoint Savings

*"The Parodneck initiative is one of the most successful and a model for how effective collaborations can come together to help victims of predatory lending."*

(Continued on page 10)

# FORD FOUNDATION SUPPORTS ANTI-PREDATORY LENDING INITIATIVE

(Continued from page 9)

Bank specifically for reducing victims' debt loads so that they can be refinanced with loans the victims can afford.



*The Parodneck Foundation worked with Ms. Ruth Wells to create an assistance package that would rescue her home from predatory lenders. In the fall of 2002 Ruth Wells of obtained affordable re-financing and a SCHAP loan that covered the cost of home renovations including a new bathroom, kitchen, painting, sheetrock and electrical outlets.*

The Parodneck Foundation plays the leading role in coordinating the varied components of the remediation program. Foundation staff meet with victims of predatory lending who apply to the Program for assistance and conduct an initial assessment of their cases. If they are not already working with a legal service provider, we refer them to SBLs.

If SBLs obtains a concessionary write-down from the predatory lender, and the client meets the program's guidelines, we develop a financial assistance package that typically includes a SCHAP loan and conventional refinancing, sometimes Gap Fund money, and in special cases a loan from the Parodneck Foundation's revolving loan fund. As part of this effort, Parodneck Foundation staff package the refinancing loan for approval by one of the conventional lenders.

The work of preparing these assistance packages is invariably complex, time-consuming, and beset by unanticipated obstacles. However, the Parodneck Foundation has managed to make the process work. As of December 2002 we

have helped 41 seniors obtain full assistance packages. Without this help, almost all of these individuals would undoubtedly already have lost their homes.

We are also reaching out to provide other organizations across the country with information and assistance that will help them create similar programs. During 2002 Parodneck Foundation President Harold DeRienzo and Vice President Howard Banker made presentations about our work at conferences in Washington DC, Pittsburgh, Scranton PA, Cleveland, Buffalo, and Long Island.

## New Plans

In 2003 the Parodneck Foundation will start an even more ambitious plan to address the root cause predatory lending: the lack of access to conventional re-financing. In the spring of 2003, we and a number of local community organizations will begin a multi-faceted effort in the Northwest Bronx intended to educate local homeowners about predatory lending, and to provide owners in need of refinancing with the information and support necessary to obtain conventional bank loans. We believe that, in the long run, the only way to eradicate predatory lending is to address the unmet demand for refinancing with non-predatory financial products. We hope that this initiative will be the first of many steps towards this goal.

## Remediation Clients' Stories, cont'd from page 8

(Continued from page 8)

that people like me can not afford the loans they are offering us. They just don't care."

The Parodneck Foundation also arranged for Mr. Montes to receive a SCHAP loan that allowed him to repair his home.

"The Parodneck Foundation organized everything," Montes says. "Because of them, I was able to have new windows put in my house, as well as fix up the front of my house, the front sidewalk, back stairs, and back room."

The renovations included conversion of the back room into a separate living space with its own entrance and services.

Out of debt and with monthly mortgage payments he can afford, Mr. Montes says he no longer lies awake at night worrying about what will happen to his wife and family. "I feel so much better now," he says. "It's really indescribable. The Parodneck Foundation helps people that no one else will. They helped me get ahead."

# PF Loan Fund helps HDFC co-ops stay afloat and move ahead

When the Parodneck Foundation was formed in 1970 with the proceeds of the sale of the Consumer-Farmer Milk Cooperative, its mission was to provide loans and technical assistance to fledgling tenant cooperatives and sweat equity projects as they traversed the often-tortuous road to rehabilitation and resident ownership. More than thirty years later, the Parodneck Foundation is still helping tenant-run buildings, commonly known as HDFCs (Housing Fund Development Corporations), endure and grow. During 2002 we advanced a loan to a Lower East Side building and began work on several other deals,



*Victor Cruz and Gloria Constanza, Manager and President, respectively, of the 309-13 East Houston Street HDFC*

negotiated a city construction loan for a very distressed HDFC, and provided technical assistance to a Bronx-based coalition of tenant cooperatives.

In March the Parodneck Foundation closed on a \$14,000 loan to the 535 East Sixth Street HDFC, a long-existing tenant cooperative that has remained an affordable island in a neighborhood where rents are soaring. The HDFC used the loan to retain the services of an architect, and for renovations including installation of a new boiler, professional plastering in the public areas that restored the original molding and curved walls, and the creation of basement storage spaces for the residents. They also used a portion of the loan to start an operating reserve fund. As a condition to the loan, the HDFC raised its carrying charges to levels that preserve

affordability, yet will enable the building to repay its debts and operate in the black.

We have begun the paperwork on another loan – this one to the HDFC at 309-313 East Houston Street. One of the longest-running tenant-run HDFC cooperatives in New York, 309-313 East Houston Street was organized by the pioneering (and now defunct) community group Pueblo Nuevo. When the tenants bought the building from the former landlord, they inherited over \$800,000 tax arrears. The HDFC eventually managed to restructure this debt under New York State Private Housing Finance Law Section 606 – the only still-existing HDFC to do so. But the management company responsible for running the building during the 1990s neglected to make the payments required by the agreement.

“I was reading the paper one morning in 1999 and I read that they were going to foreclose on our building,” says Victor Cruz, who has lived there since the late 1960s. “So we threw out the management company and took over ourselves.” The residents soon discovered that the HDFC was not only behind in its payments towards the inherited property taxes, but that it also owed tens of thousands of dollars in municipal sewer and water charges. The HDFC board has been working aggressively to address these problems, and is close to reaching new agreements with the city. To meet the terms of this agreement, the board is requesting a loan from the Parodneck Foundation

The Parodneck Foundation also helped get the troubled 972 Anderson Avenue HDFC on the road back to recovery this year -- and received full repayment for an outstanding loan in the process. An ambitious group of would-be owners took physical possession of this building during the 1990s and began renovating it. With a loan from the Parodneck Foundation they bought the building from the negligent owner, converted it into a tenant-run HDFC – and

*(Continued on page 12)*

*“I was reading the paper one morning in 1999 and I read that they were going to foreclose on our building,” says Victor Cruz, who has lived in the 309-313 East Harlem Street HDFC since the late 1960s. “So we threw out the management company and took over ourselves.”*

## PF Loan Fund helps HDFCs, con't'd

(Continued from page 11)

then almost lost it to creditors. With extensive assistance from Parodneck Foundation Vice President Howard Banker, the tenants obtained



*HDFC President Jordi-Reyes-Montblanc, HDFC leader Marie Thompson, Bronx Organizer Gwynn Smalls, and HDFC leader Mary Jo Mulbah*

a city loan to pay off its debt and conduct substantial and desperately-needed renovations. As part of this deal, the shareholders agreed to have the building put under the trusteeship of the Parodneck Foundation's affiliate, CATCH. Renovations at

972 Anderson Ave. are currently in progress.

The Parodneck Foundation also helped a new Bronx chapter of the city-wide HDFC Council get off the ground. The leaders of the

HDFC Council, a membership organization open to all of New York's limited equity cooperatives, decided this year that they had taken on so many projects that they needed the assistance of paid staff. In November HDFC Council President Jordi Reyes-Montblanc, with technical assistance from the Parodneck Foundation, submitted an application to the New York Foundation for a grant to cover the salary of an organizer and some of the expenses of establishing Bronx office. The organizer will focus on building relations of mutual support among the approximately 300 HDFCs in the Bronx and helping the leadership in these buildings realize the strength of their latent political power. The New York Foundation has carried out a site visit, and will make a decision about funding during the spring. We continue to support the Coalition and to assist them in identifying new funding opportunities.

## President's Report cont'd

(Continued from page 3)

staff member has the ability to go "beyond the job" at hand and develop the capacity to attack almost any housing problem. This allows our staff to work as a team and approach problems through their many fiscal, programmatic, technical, and social talents. When one person is unavailable, another can fill in. When decisions must be made, members of our staff can and are empowered to make them. The Foundation undertakes many more projects and accomplishes many more goals than one might expect from an organization of our size because we have a flexible, collective dynamic that constantly feeds on our diverse, individual talents.

Our board of directors is comprised of persons of varying backgrounds. Led by a capable and caring chairperson, the board oversees our operations without interfering with them. In the past year we have added "consumers" to our board and that has created a new dynamic that will serve the organization well in the future. For the past two years we have had a Consumer Advisory Committee (CAC), made up of those who have benefited from our programs over the years. On that committee we have representatives from SCHAP clients, HDFCs and CATCH. Their participation, wisdom and work prompted the board last year to make the

CAC a standing board committee, essentially taking the place of our policy and program committee. The CAC members provide us not only with advice about how our programs should operate locally, but also with input on how they should change over time, what new programs should be added, and what new areas of policy we should confront. They also provide us with valuable outreach capability in neighborhoods where we work. Finally, this year we are developing a new category of affiliation called the "Friends of Parodneck," comprising individuals who over the years have contributed time and money to assist our efforts.

An organization is necessarily defined by its work. But its work is accomplished by real people. The quality of the work performed is a function of the quality of the people who work for, oversee, volunteer and are affiliated with the organization. By any measure, the Parodneck Foundation is truly blessed by the talent, dedication, and love of all of those that make this organization function – at every level and in every way.

# Catch annual rEport

*(Continued from page 5)*

handicap accessible. The contractor, Crest Construction, is progressing rapidly, and we anticipate that the first two buildings will be fully renovated by late spring of 2003.

## Social and Institutional Development

At the end of 2002 another CATCH-sponsored mutual housing association crossed over a crucial threshold towards resident control. On December 9<sup>th</sup> and 10<sup>th</sup> CATCH staff, together with Bronx HDFC organizer Gwynn Smalls, supervised elections in each of the three Morrisania buildings. Six residents were elected to serve as representatives on the board of the South Bronx CATCH Mutual Housing Association HDFC, the non-profit entity that owns these three buildings. They will form a majority on the board, which already includes three CATCH representatives.

In Central Harlem, the board of the Central Harlem

Street the tenants participated in the process of hiring a new superintendent after the former super left to become a rehabilitation specialist with the Parodneck Foundation.

In Washington Heights the board of the local mutual housing association, which owns 11, 15 and 19 Broadway Terrace, has focused on making improvements in the buildings and building a sense of community among residents. Some of the changes in the buildings this year include a new entrance door at 11 Broadway Terrace, and new mailboxes and a fresh coat of paint in the public areas of all three buildings.

## Economic Development

During 2002 CATCH's for-profit subsidiary, CleanCATCH, laid a solid foundation for future growth. CleanCATCH was founded in 2000 with a start-up grant from the U.S.

Department of Health and Human Services to create decent jobs for the residents of CATCH-affiliated buildings.

This year CleanCATCH acquired over \$20,000 in long-term contracts and brought in just under \$100,000 in revenues. It developed relationships with service providers, property managers, and contractors that it anticipates will lead to greater opportunities in 2003. And it provided nineteen people, including six residents of CATCH-

affiliated buildings, with employment opportunities. Alex Dillard of the CHMHA building at 201 West 144<sup>th</sup> Street, for example is currently responsible for maintaining a cleaning contract for a Manhattan-based social service agency.



997 Summit Avenue

PHOTO: LARA GUERRA

*At the end of 2002 another CATCH-sponsored mutual housing association crossed over a crucial threshold towards resident control.*



The partially gutted interior of 308 West 151<sup>st</sup> Street during renovations



The interior of an apartment at 301 West 152<sup>nd</sup> Street after gut rehabilitation.

Mutual Housing Association (CHMHA) has been making plans to develop programs for the new renovated community space in the basement of 308 West 151<sup>st</sup> Street. Several of the building-based residents associations have also been very active: at 234 Bradhurst Avenue the residents organized a Christmas party and other events and have made progress towards obtaining a number of important improvements for their buildings, while at 201 West 144<sup>th</sup>

# PROFILE OF A COMMUNITY LEADER

## IRMA JOYCE LAWRENCE

*“I am not afraid of young people,” Joyce says. “I love talking to them on a one on one basis. If I can do something to benefit a youth, that is what I like to do.”*

*“Joyce is a leader in her community, and we knew her advice would be of tremendous assistance in helping us improve our programs and inform more people about them,” says Parodneck Foundation President DeRienzo.*

Joyce Irma Lawrence, homeowner, retired city employee, and tireless community advocate, joined the Parodneck Foundation’s board of directors this year, and immediately began making tremendous contributions to our work. Through her wealth of friends and contacts, made through years of public service in her Queens community, she has helped open new opportunities for the Parodneck Foundation to educate and inform people about our programs that assist seniors.

Ms. Lawrence first came into contact with the Parodneck Foundation when she decided she needed help with home renovations. In 1994 she had retired after twenty-one years as an employee of the city’s Human Resources Administration. Shortly after, she realized that she needed to make a number of improvements to her two-family home in Rosedale, Queens. The problems were particularly serious in the winter, when her boiler malfunctioned and old windows and doors let in the cold air. A volunteer who came every winter to make small repairs suggested that she make extensive improvements, but her retirement income did not permit her to do them on her own.

Then Ms. Lawrence picked up a Parodneck Foundation brochure at a local community fair. For some time the pamphlet lay among her papers. Then in 1998, with winter approaching, Ms. Lawrence picked up the phone and called the Foundation’s number. She was soon working with the SCHAP program staff on the paperwork for a home improvement loan.

“Sonia was so helpful,” Ms. Lawrence said of SCHAP Program Manager Sonia Rivera-

Williams, who did much of the loan processing work. “Every time I turned around she was calling me for something. She was very impressive – very informative.” The SCHAP loan enabled Ms. Lawrence to replace her heating system, install new exterior doors and better windows, and make many other necessary repairs.

After the work on her home was finished, Parodneck Foundation President Harry DeRienzo invited Ms. Lawrence to join the Foundation’s Consumer Advisory Committee. She was asked to join the Parodneck Foundation board in 2002.

“Joyce is a leader in her community, and we knew her advice would be of tremendous assistance in helping us improve our programs and inform more people about them,” DeRienzo says.

Ms. Lawrence says she wants to change and improve the city, and her actions speak even more clearly than her words. In addition to her

assistance to the Parodneck Foundation, she has led and participated in countless projects in her community. She is the president of the Rosedale 149<sup>th</sup> Avenue Block Association, the chair of the Rosedale Civic Association’s transportation committee, and an active member of the AARP. Recently Ms. Lawrence played an important role in a successful effort to stop the closure of a local pharmacy.

She has a passion for working with youth, and serves as the chairperson for the Queens Hospital Teens and Adolescent Program.

“I am not afraid of young people,” she says. “I love talking to them on a one on one basis. If I can do something to benefit a youth, that is what I like to do.”



*Irma Joyce Lawrence*

# Pauline Parodneck, 1900-2002

Pauline Parodneck was born Pauline Budinoff on May 15, 1900 in a run-down Lower East Side tenement that housed mostly Russian immigrant families. Her mother and father met while working in a sweatshop in New York City. Pauline attended city public school, and after graduation from Hunter College she taught gifted students at an elementary school in Long Island City. Teaching remained her occupation until retirement.

Pauline spent her summers traveling all over the world. She found a second home in Mexico, and returned year after year to new friends and community.

Pauline and Meyer were friends for over seventy years. They married on March 28, 1988, when she was 88 and Meyer was 80 years old. Pauline felt they did not have the energy for a trip to China, their first choice, and so they spent their honeymoon on a kibbutz in Israel, traveling to archeological sites.

Both inherently passionate about social issues, Pauline and Meyer's marriage was a perfect collaboration of excitement and dedication. They lived together in Brooklyn and

wintered in Florida. After Meyer's death in 1994, Pauline decided to make her home in West Palm Beach her permanent residence. Although she never had children of her own, Pauline had a wide circle of friends of all ages, many of whom saw her as a second mother.

Education and housing for the most vulnerable people were Pauline's key concerns, making the Parodneck Foundation a perfect match for her efforts. She felt the Foundation satisfied a tremendous need for development, support and growth in these particular areas.

One of Pauline's many enduring contributions to the Parodneck Foundation was the creation and endowment of the Parodneck Fund, which is dedicated to sustaining and creating affordable, resident-owned and resident-governed housing in New York City. It has already been used to assist senior homeowners and tenant cooperatives.

Pauline passed away on July 31st, 2002 at the age of 102. We miss her greatly.



Pauline Parodneck

## Consumer Advisory committee

The Consumer Advisory Committee was formed to provide advice to the Parodneck Foundation Board of Directors. The committee has been instrumental in promoting the distribution of Parodneck services across a wider area of the city through organized forums and speaker panels, as well as bridging relationships with numerous faith-based groups. The Committee has been vital and productive, and as such, two members were elected to the Parodneck Foundation's Board of Directors. Currently, the committee has agreed to expand their membership to 15 members. They are in the process of forming the "Friends of Parodneck," a group of individuals who operate as an active community support base for our organization and programs. The group's participation in the community will be highlighted throughout the referral process along with information distribution.

### The CAC MEMBERS

Elizabeth Rodriguez-Jackson, Chair  
Cleveland Irons  
Ella Douglas  
Irma J. Lawrence  
Irma Rodriguez  
Jacqueline Rhoden  
Jordi Reyes-Montblanc  
Marcia Evans  
Marie Morency  
Marie Thompson  
Rabbi Friedman

# Parodneck Foundation closes out 2002 with dinner at chase



JP Morgan Chase Bank sponsored the Parodneck Foundation's annual year-end event. The evening was filled with good food and informative presentations on the year's accomplishments. In the photos above, from left to right are: (first photo) Marcia Evans and Kerwin Stewart of the CHMHA board and Frank Anelante of Lemle & Wolff; (second photo) PF Board Member Susan Hyman and Gene Smith, both Vice Presidents at JP Morgan Chase; and (third photo) Carlton Collier of CATCH and Marty Horowitz and David Schwartz of MFA Construction. Pictured below, from left to right are: (first photo) James Alfarone, Senior Vice President of JP Morgan Chase Bank, with Elaine Dovas, Vice President of Greenpoint Bank, and Parodneck Foundation President Harry DeRienzo; (second photo) Julius Bennett, Marie Saunders' friend, Marie Saunders, Betty Davis and Nikki Davis, all of the Central Harlem Mutual Housing Association; and (third photo) Garnold King of the Parodneck Foundation, Josh Zinner of South Brooklyn Legal Services, and Ola Blanchard of the Parodneck Foundation.



**The Parodneck Foundation**  
121 Sixth Avenue, Suite 501  
New York, NY 10013

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