



First Judicial District of Pennsylvania PHILADELPHIA COURT OF COMMON PLEAS

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NEWS RELEASE

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President Judge C. Darnell Jones announces adoption of *Residential Mortgage Foreclosure Diversion Pilot Program*

Philadelphia, PA, April 16, 2008 – In announcing the adoption of a novel *Pilot Program* addressing residential mortgage foreclosures, Judicial leaders acknowledged today that Philadelphia, like many large metropolitan areas, has fallen prey to the current national mortgage foreclosure crisis.

In 1983 and 2004, the Philadelphia Court of Common Pleas was called upon to issue stop-gap relief to a large number of residential homeowners who were facing the loss of their homes due to their inability to pay their mortgages. Relief was granted in the form of a temporary stay and postponements in the Sheriff Sale of foreclosed residential properties.

Reliable data reveal that the current crisis is due in part to “subprime” and “predatory lending” practices as well as rising interest rates, unemployment and underemployment, unforeseen circumstances beyond the control of the owner/occupier and has negatively impacted not only homeowners hovering at the poverty level but also a larger percentage of middle class homeowners. The anticipated increase in residential mortgage foreclosure actions filed in the Court of Common Pleas will not only require the further expenditure of limited judicial resources, but will also have a devastating effect on the residential homeowners who have lost or will lose their homes, as well as the lenders and investors, and the City of Philadelphia which will suffer a reduction of tax revenues making it more difficult to provide necessary services.

President Judge C. Darnell Jones, II noted that “a systemic solution is needed to address this recurring problem.”

“Today, D. Webster Keogh, the Administrative Judge of the Trial Division, and I have issued a General Court Regulation establishing a *Residential Mortgage Foreclosure Diversion Pilot Program*,” President Judge Jones stated, “implementing tried-and-tested case management tools which have been successful in other types of Civil actions, and will be modified for residential, owner-occupied Mortgage Foreclosure cases.”

The *Pilot Program* authorizes the Sheriff Sale of non-residential and non-owner occupied premises as previously scheduled, but requires owner occupied residential premises to be scheduled for a Conciliation Conference before the Sheriff Sale can occur.

The *Pilot Program* will be implemented in phases.

Phase I addresses cases which were scheduled for Sheriff Sale on April 1, 2008 which were unilaterally postponed by the Sheriff, as well as properties which are scheduled for Sheriff Sale on May 6, 2008. A Certification process will identify all owner occupied residential properties, which will be postponed to the July 2, 2008 Sheriff Sale list and, most importantly, scheduled for a Conciliation Conference in late May and June 2008.

The main goal of the Conciliation Conference, both in Phase I and overall, is to insure early intervention in determining eligibility under various federal, state and local programs established to facilitate loan work-out and other solutions to permit residential homeowners to retain their properties.

“The *Pilot Program* will assist the Court and litigants to better resolve these cases and, most importantly, may result in many homeowners keeping their homes,” remarked President Judge Jones.

The remaining case inventory will also be scheduled for Conciliation Conferences at the end of Phase I.

In formulating the *Pilot Program*, President Judge Jones requested the assistance of a *Mortgage Foreclosure Steering Committee* which was created to address long-term foreclosure issues and disputes as a result of similar action taken by the Sheriff in March 2004 and which remains active under the jurisdiction of the Honorable Annette M. Rizzo. The Committee is Chaired by Lesia C. Kuzma, Esquire, a Senior Attorney with the City of Philadelphia Law Department, and includes representatives of lender and borrower groups, the City, governmental agencies such as OHCD, Philly VIP, the Philadelphia Bar Association, and housing counseling agencies. A listing of current members of the Committee is attached. This Committee has been successful in working to reduce Sheriff's costs and in implementing the *Petition to Postpone Sheriff's Sales* in the Court of Common Pleas. The Committee has been working to provide valuable input in designing and implementing the *Pilot Program* and Conciliation Conference Guidelines. President Judge Jones and Judge Rizzo extend their appreciation to all members of the Committee who expended a substantial amount of time and effort in assisting with the Program.

The Court wishes to acknowledge the Council of the City of Philadelphia which foresaw this Crisis and on March 27, 2008 unanimously adopted Resolution No. 080331, which was a motivating factor in the adoption of this *Pilot Program*. The Court also looks forward to the continued cooperation of Philadelphia Sheriff John Green's office as the *Pilot Program* is implemented.

Finally, the Court wishes to thank the *Philadelphia Bar Association* for its assistance in securing competent *pro bono* representation of unrepresented Defendants who cannot afford to retain counsel.

The General Court Regulation and Order issued today are posted on the Website of the First Judicial District at <http://courts.phila.gov>.

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MORTGAGE FORECLOSURE STEERING COMMITTEE

Lesia C. Kuzma, Senior Attorney, City of Philadelphia Law Department

Rob Saltzman, Esq., Pleuse, Becker, and Saltzman (lender representative)

Michael McKeever, Goldbeck, McCafferty, and McKeever (lender representative)

Lorraine Doyle, Esq., Udren Law Offices (lender representative)

Hiram Carmona, Assistant Contract Administrator, Office of Housing and Community Development

George Gould, Esquire, Community Legal Services (housing advocate)

Barbara Fein, Esq., Law Offices of Barbara Fein (lender representative)

David Fein, Esq., Goldbeck, McCafferty, and McKeever (lender representative)

Michael Balent, Esq., Chief Counsel - PNC Realty Services (Phila. Bar Assoc.)

Stephanie Seldin, Esq., Managing Attorney, Philadelphia VIP/LawWorks

Irwin Trauss, Esq., Philadelphia Legal Assistance (housing advocate)

John Dodds, Director, Philadelphia Unemployment Project

Chris DeNardo, Esq., Shapiro and Kreisman (lender representative)

Michele Bradford, Esq., Phelan, Hallinan, and Schmieg

Allison Hughes, Director, Housing Counseling Association of Delaware Valley

Edward Chew, Esq., Director of Legal Services, Sheriff's Office

Kevin Diskin, Esq., McCabe, Weisberg and Conway (lender representative)

Keri Claeys, Esq., Martha E. Von Rosenstiel, P.C. (lender representative)

Thomas Puleo, Esq., Goldbeck, McCafferty, and McKeever (lender representative)

Steve Foxman, Esq., Eckert, Seamans Cherin & Mellott, LLC. (Phila. Bar Assoc. Business Section)

Beth Goodell, Esq., Community Legal Services

Devon Sanders, Esq., Community Legal Services

Harper Dimmerman, Esq., Harper Law Group (Phila. Bar Association).