Specific Case Highlights: Center for New York City Neighborhoods was founded in 2008 in response to the local New York issues caused by the subprime mortgage crisis. Sustainable Neighborhoods (SN) is a wholly owned New York limited liability company subsidiary of Center for NYC Neighborhoods that was certified by US Treasury as a Community Development Financial Institution (CDFI) in 2016. SN helps the Center for NYC Neighborhoods achieve its mission by directly assisting low- and moderate-income families and families of color in building and sustaining wealth through SN’s affordable lending programs. SN also engages in mortgage origination and servicing at scale for homeowners who are at risk of foreclosure. With reasonably priced mortgage loans, responsible servicing, and effective mortgage counseling, these homeowners can avoid foreclosure, rebuild their credit, and begin building wealth again.

In March of 2019, the Center for NYC Neighborhoods requested assistance with ensuring the regulatory compliance of its residential mortgage loan products and services offered by SN.

Geoffrey Goldman and Reena Agrawal Sahni of Shearman & Sterling LLP assisted the Center for NYC Neighborhoods by reviewing the compliance of the organization and SN with federal and state requirements for nonprofits engaged in residential mortgage loans. They also helped the organization structure new mortgage products and identify additional federal and state compliance areas to build internal processes around to maintain its status as a nonprofit organization and CDFI in good standing. Lastly, the Shearman team reviewed and supported the architecture of proposed capital market structures that could support scaled delivery of refinance mortgages to families in foreclosure.

With the Shearman team’s help, the Center for NYC Neighborhoods has ensured that SN is able to source and use lower-cost capital and grant funds to structure first and second mortgages at lower interest rates and on more beneficial terms than those low- to moderate-income homeowners and homeowners of color could access in the private market, especially homeowners in foreclosure who need refinance assistance to preserve their homes. “The skilled attorneys at Shearman & Sterling LLP gave us spot-on, well-researched legal advice so that we can structure loan products that help homeowners keep their homes when there are no other options available to them,” said Joseph Sant, General Counsel & Vice President at the Center for New York City Neighborhoods. “This kind of lending falls into a very complex area of law, but thanks to Shearman & Sterling’s legal assistance, we launched these home-saving loan products confident that we are compliant, and we also have strategies for scaling these pilot programs through secondary market engagement.”

About Lawyers Alliance: Lawyers Alliance for New York is the leading provider of business and transactional legal services for nonprofit organizations and social enterprises that are improving the quality of life in New York City neighborhoods. By connecting lawyers, nonprofits, and communities, Lawyers Alliance for New York helps organizations to provide housing, stimulate economic opportunity, improve urban health and education, promote community arts, and operate and advocate for vital programs that benefit low-income New Yorkers of all ages. During the past year, staff attorneys at Lawyers Alliance worked with more than 2,000 volunteer attorneys to represent approximately 700 nonprofit clients on nearly 1,400 matters.

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