



News Release

NEWS RELEASE

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Menlo Park, CA Funds Innovative Public-Private Partnership To Fight Residential Foreclosures

*Menlo Park City Council Allocates \$1 Million to Foreclosure Prevention Program
Developed by the Northern California Urban Development and The EARN Group*

MENLO PARK, CA, November 17, 2009 – The City Council of Menlo Park, in an effort to stem the rising tide of home foreclosures and enhance neighborhood stability, has voted to allocate \$1 million to fund an innovative program to assist qualified homeowners with refinancing their property.

The Foreclosure Prevention Program is a unique public-private partnership developed by the non-profit [Northern California Urban Development](#) (NCUD) and [The EARN Group](#). Through the program qualified homeowners in the process of losing their home may be able to reduce their mortgage by up to \$100,000. The funding takes the form of an equity investment provided by the City of Menlo Park.

“The Foreclosure Prevention Program provides the city with the means to both help residents in need and to invest in our future,” said Doug Frederick, Housing Manager for the City of Menlo Park. “This program is designed to specifically help stabilize housing in and around the Belle Haven neighborhood of Menlo Park.”

Through the Foreclosure Prevention Program, NCUD and EARN are working with city administrators and residents to reduce mortgage defaults by refinancing existing loans and replacing a portion of the current mortgage debt with an equity investment. If the homeowner can qualify for a lower mortgage payment on approximately 70 percent of the current fair market value of the home, the balance of the financing will come from Foreclosure Prevention Program funds that will replace the remaining debt with an “EARN Equity Certificate.” This certificate has no current payment requirement for the homeowner. Instead, the homeowner will share a portion of the home’s future appreciated value with the city.

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“For many facing foreclosure, simply refinancing the home is not enough, as the value of the home is lower than the owed debt. Without more creative assistance, everyone loses – the bank, the family, and the community,” said John Liotti, CEO of NCUD. “Our goal with this program is to develop a fair and affordable solution that allows everyone involved to win.”

According to EARN CEO David Shapiro, “loan refinancing or loan modifications do not provide a viable solution for the most troubled homeowners. In order to achieve a broad housing recovery, or in many cases even stabilize one neighborhood, overall homeowner debt must be reduced. Our approach is very different than that found in traditional mortgage lending. An EARN Equity Certificate does not require monthly interest payments and allows for everyone involved to share in the future appreciation of the property.”

To participate in the program, homeowners apply through the Menlo Park Housing Department. Qualified applicants are then contacted by mortgage specialists from NCUD. Once applicants are vetted by NCUD, they work together with The EARN Group to approach the lender on behalf of the homeowner.

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About the City of Menlo Park – A Tree City USA community, Menlo Park is a quiet yet vibrant city of pleasant, tree-lined neighborhoods and friendly people. Situated on “The Peninsula”, Menlo Park is conveniently located between San Francisco and Oakland on the North and San Jose on the South. More information about Menlo Park can be found at <http://www.menlopark.org/>.

About NCUD – NCUD’s mission is to relieve the causes and effects of systemic and generational poverty focuses on economic development, community development and leadership development in Northern California. More information about NCUD can be found at www.norcaludc.org.

About EARN – Headquartered in Los Gatos, Calif., The EARN Group has created a variety of home financing tools that replace a portion of the real estate debt financing with equity financing. The EARN Group is at the leading edge of changing the way Americans view financing owner occupied homes. More information on The EARN Group can be found at www.earngroup.com.

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