

## Foreclosure-related Services Grants for Not-for-profit Entities

As required in the Assurance of Discontinuance filed in In re: Morgan Stanley & Co. Incorporated (Suffolk Superior Court, Civ. No. 10-2538), Morgan Stanley & Co. Incorporated will be making “a donation of \$2,000,000 to a not-for-profit entity or entities who provide counsel to Massachusetts borrowers, to assist consumer with issues stemming from foreclosure of subprime loans and related issues.” Id. at ¶73. As part of this process, the Assurance of Discontinuance in this case requires Morgan to “consult with the Attorney General’s Office regarding the allocation of such monies, so that the combination of recipient organizations will provide coverage for consumers located in all sections of the Commonwealth in relative proportion to the number of foreclosures suffered in those sections of the Commonwealth . . . .” Id. Although Morgan Stanley will choose the recipients from among qualified applicants that have submitted a full and complete grant application, the Attorney General’s Office retains a veto right over any individual selection.

Any not-for-profit entity wishing to apply for a portion of the Morgan grant money may send a proposal to the law firm of Bingham McCutchen (counsel for Morgan) c/o attorney Corin Swift, at Bingham McCutchen, One Federal Street, Boston, MA 02110. Applicants should also send a copy to Erica Harmon, Office of the Attorney General, One Ashburton Place, 18<sup>th</sup> Floor, Boston, MA 02018. Electronic submissions will also be accepted at [Erica.Harmon@state.ma.us](mailto:Erica.Harmon@state.ma.us) (please put Morgan Grant Proposal in the header of any such email). Questions may be directed to Ms. Harmon at 617-963-2850.

There is no specific form required for the proposals, but the proposal should address the following:

- 1) The geographic coverage of the services the grantee proposes to provide;
- 2) Whether the entity intends to re-grant (subcontract) some portion of the funds and, if so, how much and to whom;
- 3) The applicant should confirm that it will not use any grant funds to pay for administering the re-granting (subcontracting) process;
- 4) The applicant should confirm that, in providing the services it proposes, it will give priority to borrowers referred to it by the Attorney General’s Office for assistance. The applicant should also explain how it intends to implement these priority requirements;
- 5) The applicant should confirm that, if it receives a grant, it will provide to the Office of the Attorney General an accounting of its use and distribution of grant funds, as well as such other information and reports as the Attorney General’s Office requires regarding the use of the grant monies. The applicant should also explain how it intends to implement these reporting requirements;

- 6) Which of the types of assistance described in the "Types of Assistance" section, below, the entity will offer;
- 7) How the applicant will distribute funds among the types of assistance (both internally and, if applicable, through re-granting/subcontracting);
- 8) For each category of assistance, what does the entity commit to do with the funds; and
- 9) The entity should designate the individuals who will be responsible for implementing the programs, explain their experience relating to the assistance they are providing, and provide resumes. Where the project involves hiring additional staff, the information should be provided for the direct supervisor of the new employee(s), together with an explanation of the qualifications sought for the new employee(s).

Types of Assistance:

Grant recipients shall provide one or both of the following categories of assistance/service:

Category One

Access to newly retained staff, dedicated full time, and funded for at least one year, to provide advice and assistance for Massachusetts subprime loan consumers relating to:

- (a) bankruptcy counseling and assistance with navigation of the bankruptcy filing process;
- (b) credit management counseling;
- (c) tax counseling (particularly relating to the applicability of income exclusions for debt forgiveness and related topics under the Mortgage Forgiveness Debt Relief Act of 2007);
- (d) locating affordable housing/rental accommodations and utilizing related assistance programs; and
- (e) know your rights counseling (counseling regarding the rights of a borrower in connection with a foreclosure).

Category Two

Assistance payments, in amounts per consumer not to exceed \$7,000, and to only those consumers who have been foreclosed upon and meet objective financial need criteria to be agreed upon by the entity submitting a grant proposal and the AGO, for one or more of the following types of items as needed and appropriate for the consumer:

- (a) transitional shelter or temporary rent assistance

- (b) Buyback assistance (intended to permit foreclosure victims to buy back their homes at market prices)
- (c) Post-foreclosure eviction services (intended to permit foreclosure victims to stay in their homes, if possible).

In addition, each entity receiving funds under Category Two shall only encumber or commit such funds in amounts up to 1/12 of the funds provided to the relevant entity for this purpose during each of the first seven months after the delivery of the grant, and all such payments shall be pre-approved by the Office of the Attorney General prior to any final encumbrance or commitment to provide such funds to specific consumers.

Qualified staff persons may provide more than one category or sub-category of assistance. No monies from the grant shall be used for general expenses (like overhead) that would be incurred by the grant recipient regardless of whether the grant recipient had received the grant.

To assist applicants in crafting their proposals, it may be useful to consider that in the aggregate, between 50% and 65% of Morgan funds will be provided for services in Category One, with the remainder applying to Category Two. In light of this, applicants may choose to provide alternative plans or proposals.

Any Applicant that has submitted a 2011 Chapter 206 Grant Application with the Massachusetts Division of Banks may reference relevant responses or materials provided in that application as part of its Morgan Grant proposal. In such instances, applicants should append a copy of their Chapter 206 application to the Morgan Grant proposal.