



NEW YORK STATE SENATOR

Jeffrey D. Klein

Klein And Schumer Stand Up For Evicted Staten Island Homeowner

JEFFREY D. KLEIN September 27, 2007



STATEN ISLAND, NY-Senator Jeff Klein joined with his colleague in the state senate, Senator Diane Savino, as U.S. Senator Charles Schumer revealed new numbers showing that Staten Island foreclosures have surged over the past year due in part to the fact that major mortgage lenders, some of which are in bankruptcy themselves, are still constantly advertising and pushing on consumers the very same loans that have brought on the current crisis. Schumer said that banks should not be offering these loans and sucking more Staten Island homebuyers and homeowners in to taking on more debt attached to a sky high

interest rate.

Subprime loans, made to borrowers with poor and nontraditional credit histories, have wreaked havoc in the mortgage market as higher interest rates have led to rising defaults and delinquencies among borrowers.

As recently as August, Senator Klein, who held a series of public hearings on the issue through out the Metro Area, Nassau, and Westchester Counties, released a report which found foreclosures rising at an alarming rate throughout the metro area. In the last 13 months (from July 2006-July 2007), there have been 14,559 foreclosure filing in New York City alone, as well as an additional 5168 in suburban Westchester and Nassau Counties, for a metro total of 19,729. According to industry experts, New York State as a whole is on pace in 2007 to exceed the number of mortgage foreclosure filings in 2006 by a staggering 60%.

Klein's report also takes a closer look at the top ten lenders in foreclosure filings. For the metro area, the top 3 foreclosing banks Deutsche Bank (2,299), Wells Fargo (1,791) and U.S. Bank, N.A. (1,711) combined for 5,801 foreclosure filings in the past 13 months, or 29.4% of the total. The top 10 foreclosing banks accounted for 54.9% of the metro area foreclosures with 10,832 foreclosure filings in the study period. Foreclosure data only records the owner of the loan at the time of its default, so these lenders may not be the originators of the loans, but rather may have purchased them from other lenders.

The Senators were also joined by Ada Diaz, a Staten Island resident and retired hospital bookkeeper who took out a loan with an adjustable rate to finance repairs on her long-time

home. Although Ms. Diaz is nearly legally blind, an agent convinced her to take out the loan without complete knowledge of its ramifications, and has since been evicted due to the fact that she was unable to make loan payments that amounted to 91% of her monthly income.

In April, Senator Klein introduced S 5310 directing the State Mortgage Authority (SONYMA) to offer a program to help low and middle-income families prevent foreclosure by refinancing existing sub-prime loans with a fairer, non-predatory home mortgages. While that measure has not yet passed, SONYMA announced a new \$100 million initiative in July to offer refinancing for at-risk homeowners currently stuck in sub-prime mortgages. Senator Klein has also introduced S6394, the “New York Sub-Prime Predatory Lending Prevention Act.” The measure would include additional consumer protections on sub-prime home mortgage loans, including a prohibition on loan flipping when there is no tangible benefit to the buyer and a requirement that the lender verify the borrower’s ability to repay the loan.