



NEW YORK STATE SENATOR

Malcolm Smith

Senators Smith And Klein Support Countrywide Financial's Effort To Relieve Borrowers In Danger Of Foreclosure

MALCOLM A. SMITH October 22, 2007

A plan by Countrywide Financial, the nation's largest mortgage lender, to modify adjustable-rate loans for 82,000 borrowers in danger of foreclosure is "a step in the right direction," said State Senate Democratic Leader Malcolm A. Smith (D-St. Albans) and Deputy Democratic Leader Jeff Klein (D-Bronx/Westchester).

The senators, however, expressed concern about reports that Countrywide wouldn't qualify certain borrowers for the favorable loan modification if their inability to make payment on a high-cost mortgage stemmed from a job loss or lack of sufficient income.

"While the opponents of reform have sat on their hands during the ongoing home lending crisis, it is encouraging to see that the nation's largest mortgage company has taken proactive steps to help derail the domino-like sweep of foreclosures toppling the dreams of thousands in New York State and throughout the nation," said Smith.

Klein said: "Today's announcement puts Countrywide Financial at the head of what we hope becomes an industry-wide effort to avoid unnecessary foreclosures and keep people in their homes, but clearly we need immediate legislation to help people now."

"Nevertheless, we remain concerned about the company's decision to exclude those whose inability to repay stems from a job loss. This means that thousands who are most desperately in need of relief most likely won't receive it," he added.

The Democratic Conference has stood at the forefront of efforts to address the foreclosure crisis in New York. Klein and other Senate Democrats have held several statewide hearings in recent months to solicit testimony from victims of predatory lending as well as housing experts with an eye toward developing legislative remedies. Last week, Smith and Klein joined several other members of the Senate Democratic Conference on a trip to Washington, D.C. where they lobbied Congress to pass home mortgage lending reforms.

A report prepared by Klein earlier this year indicated that more than 19,000 families issued sub-prime mortgages in the Metropolitan New York area will face foreclosure this year, prompting Senate Democrats to develop a Predatory Lending Mitigation Program in May, a package of measures to provide training and assistance to borrowers and enact regulations that make it difficult for lenders to take advantage of applicants.

According to published media reports, Countrywide expects to modify \$16 billion worth of adjustable-rate mortgages, qualifying 82,000 borrowers for more favorable loan terms by rolling back to a lower fixed interest rate or refinancing.