



NEW YORK STATE SENATOR

Frank Padavan

Governor Signs Mortgage Foreclosure Relief Bill

FRANK PADAVAN August 5, 2008

New York State Senator Frank Padavan (Queens) joined Governor Paterson and local elected officials for a bill signing ceremony at Queens Borough Hall in Kew Gardens for legislation that will provide vital relief and assistance to at-risk homeowners facing an impending foreclosure on their home. The new law also provides a set of initiatives that will help prevent a future increase in foreclosures throughout New York State.

“The enactment of this new law today once again reflects the strong commitment at all levels of state government to provide the legislative initiatives and tools to help halt the rise of home foreclosure in all reaches of our state,” Padavan said. “I applaud Governor Paterson for working with the State Legislature in advancing this important new law that will help protect and strengthen the dream of homeownership in New York.”

“We have still seen thousands of our families lose their homes, and no state has been hit harder by the broader effects of the lending crisis. Wall Street’s woes have helped to drive New York into recession,” said Governor Paterson. “We have the responsibility to protect New York’s families who are facing foreclosure, and we need to reform banking regulations to ensure this does not happen again. This law does both, and spurred the federal government to do the same.”

Under the new law, lenders must send out a pre-foreclosure notice to a mortgage borrower at least three months before any foreclosure proceedings begin. The lender also must send with the notice a list of state-approved housing counselors available in their area. This will allow at-risk homeowners to find help and take any action they need before any foreclosure proceedings have begun.

The new law also requires that there must be a mandatory settlement conference for foreclosure proceedings involving homeowners with certain subprime loans. Additionally, the law will include provisions and legal steps to clarify and eliminate questionable foreclosure actions and tactics that have arisen during the current subprime mortgage crisis.

In order to prevent another rise in home foreclosures in the future, the new law includes a number of provisions strengthening state law in order to protect mortgage borrowers and homeowners. These legislative initiatives include: a “duty of care” provision that will require mortgage lenders to act in a borrower and homeowner’s best interest, increased criminal penalties for mortgage fraud and stronger state oversight and transparency of mortgage servicers throughout New York state.

“This new law gives lenders and homeowners a mechanism to avoid foreclosures while instituting new and stronger state oversight and standards governing subprime loans in New York state,” Padavan said. “At the end of the day, this comprehensive law will make New York the leader in the fight to end the rise of foreclosures.”

A recent report by Propertyshark.com indicated that foreclosures throughout New York City increased by 67 percent in July. Queens was the hardest hit borough with an increase of 81 percent when compared to a year ago. According to Propertyshark.com, during the first quarter of 2008, there was a 51.7 percent increase in foreclosures from the final three months of 2007.