



NEW YORK STATE SENATOR

Jeffrey D. Klein

## Senate and Assembly Pass Landmark Foreclosure Bill

JEFFREY D. KLEIN November 17, 2009

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Contact: Abby Ross – Office: (800) 718-2039, Cell: (479) 283-3505

### *Senator Klein's Foreclosure Legislation To Help Thousands of New Yorkers Get Back on their Feet*

ALBANY- Today in an extraordinary legislative session a landmark foreclosure bill, sponsored by State Senator and Deputy Majority Leader Jeff Klein (D-Bronx/Westchester) passed the Senate. For years, Senator Klein has made protecting New York homeowners and their families a top priority by exposing shady lenders, holding dozens of financial counseling sessions- including launching 'Operation Protect Your Home', a series of forums where lenders renegotiated mortgages- and worked tirelessly to ensure properties and neighborhoods are preserved and that renters are protected. The Mortgage Foreclosure bill caps off Klein's cumulative efforts and brings two Klein bills already passed in the Senate closer to becoming law.

"Since I first saw signs of the foreclosure crisis crippling my community two years ago, I have made homeowner and tenant protection a top priority. Earlier this year, the Senate passed two of my bills requiring maintenance of foreclosed properties and tenant

notification before a home goes into foreclosure. The Mortgage Foreclosure bill includes those components and adds others, providing even greater protection to all New Yorkers and giving them every opportunity to stay in their homes,” said Klein.

The Mortgage Foreclosure bill has five main components—maintaining foreclosed properties, notifying tenants of foreclosure, expanding court protection to all homeowners who face foreclosure, preventing foreclosures and ensuring protection from rescue scams.

To protect neighboring property values and prevent health hazards that surround an unkempt, foreclosed home, the bill (S66007) would require lending institutions to maintain the property so that it remains in a safe and habitable condition. To protect the tenant, the lending institution that acquires the foreclosed property must notify the tenant at least 90 days before taking legal action. The bill also mandates lending institutions allow tenants to stay in their homes for the remainder of the lease or 90 days after notification, depending on which amount of time is greater.

NYS already has a court-based settlement conference giving homeowners and lenders the opportunity to negotiate a loan modification so that families can stay in their homes however the program has had poor results in many neighborhoods. The Mortgage Foreclosure bill improves the efficiency of the process and it expands the conference to include all homeowners and all types of loans.

The bill protects families from foreclosure by requiring mortgage loan distributors to regularly report information with the Superintendent of Banks that pertains to tenants or homeowners who were given a 90 day foreclosure notice. This provision helps prevent foreclosures because it helps identify distressed homeowners as soon as possible so that they can receive effective counseling.

The latest foreclosure crisis has unfortunately led to fraudulent and predatory rescue scams. Last year's legislation enacted some safeguards for distressed homeowners such as prohibiting distressed property consultants from accepting upfront fees but it exempted mortgage bankers and brokers regulated by the Banking Department. The Mortgage Foreclosure bill prohibits all consultants from accepting upfront fees and it mandates that mortgage brokers must disclose the exact amount of total compensation and why the broker will receive that amount in the transaction.

The Mortgage Foreclosure bill also passed the Assembly and will be delivered to the Governor.

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