



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

Landmark Senate Foreclosure Bill Signed Into Law by Governor Paterson

RUTH HASSELL-THOMPSON December 15, 2009

| ISSUE: **FORECLOSURE**

New Law Protects Homeowners, Prevents Similar Crises From Happening In The Future

(Albany, NY) Today, Governor Paterson signed into law landmark Senate legislation which protects homeowners from the ongoing foreclosure crisis. By expanding upon foreclosure prevention legislation passed by the Senate in 2008, this new law provides additional measures to protect homeowners at risk of foreclosure and to prevent similar crises from occurring in the future.

Senator Ruth Hassell-Thompson stated, "I would like to congratulate the Governor on the signing of this bill. This legislation is the result of two years of work on behalf of Senator Klein and myself. We have watched our neighborhoods decline and have been fought for these critical reforms. During these very difficult economic times, it is imperative that we protect homeowners and tenants from the foreclosure crisis. We must remember that when families lose their homes, all of our communities suffer."

New York's housing market has experienced a particularly severe fallout in the wake of the housing crisis in the U.S., with over 50,000 new foreclosure filings in 2008 alone, a 30 percent increase over the preceding year. A staggering 58,000 outstanding mortgage loans in New York entered some form of delinquency in September 2009. Over the next four years, over 230,000 additional homes are expected to be lost to foreclosures, costing the state's economy over \$4 billion.

Thus, the Senate has enacted significant provisions to safeguard homeowners and ease the foreclosure crisis going forward:

- **Safeguarding Distressed Homeowners:** Requires that lenders and mortgage servicers provide a foreclosure notice to all distressed borrowers at least 90 days before any legal action is taken.
- **Expansion of Mandatory Settlement Conference:** Expands the borrowers who are eligible to receive the benefit of this settlement conference to include all home loans for a period of five years. Also requires litigants to negotiate in good faith to try to reach a mutually agreeable resolution.
- **Protecting Neighborhoods and Tenants:** Requires a plaintiff in a mortgage foreclosure action to maintain the property in compliance with certain sections of the NYS Building code or other local housing code. If property is occupied by a tenant, it must remain in a safe and habitable condition. Additionally, all tenants of a foreclosed property must be notified of the change in ownership, and

permitted to remain in their home for the remainder of their lease term or 90 days, whichever is longer.

- **Protecting Distressed Homeowners from Rescue Scams:** Precludes licensees or registrants from accepting up-front fees in connection with performing the business of distressed property consulting. Additionally, this provides a mortgage broker with three days to disclose the exact amount and methodology of total compensation that the broker will receive.

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