



NEW YORK STATE SENATOR

Eric T. Schneiderman

## Landmark Senate Foreclosure Protection Bill Becomes Law

ERIC T. SCHNEIDERMAN December 16, 2009

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*Governor Signs Schneiderman-Sponsored Bill To Protect Homeowners From Foreclosure Crisis*

FOR IMMEDIATE RELEASE

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NEW YORK – Governor Paterson signed landmark Senate legislation Tuesday to protect homeowners from the foreclosure crisis in this state. The law, co-sponsored by **Senator Eric T. Schneiderman (D-Manhattan/Bronx)**, expands upon foreclosure prevention legislation passed by the Senate in 2008 by providing additional measures to protect homeowners and tenants whose properties are at risk of foreclosure, and to prevent similar crises from occurring in the future.

“This law will renew the American Dream for thousands of New Yorkers. It is a multi-pronged, landmark approach to combating foreclosure that holds banks accountable and protects homeowners and renters from the devastating crisis that is crippling our communities. This new law serves as a national model for both foreclosure mitigation and consumer protection,” said **Senator Eric Schneiderman**.

New York's housing market has suffered a particularly severe fallout in the wake of the national housing crisis, 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 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 and 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.

“I applaud Governor Paterson for signing the strongest law in the nation to stanch the loss of homeownership as a result of the foreclosure crisis,” added **Senator Schneiderman**.