



NEW YORK STATE SENATOR

Shirley L. Huntley

Foreclosure Bill

SHIRLEY L. HUNTLEY December 20, 2009

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News From

New York State

Senator Shirley L. Huntley

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LANDMARK SENATE FORECLOSURE BILL SIGNED INTO LAW BY GOVERNOR PATERSON

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

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

“This legislation takes several critical steps in protecting homeowners and communities from becoming victims of the mortgage foreclosure crisis,” said Senator Huntley (D-Jamaica).

“From the onset of the economic crisis in America, New York has served as a national model for foreclosure mitigation and common sense solutions to this very serious problem. This legislation will ensure that those who own a home will be given every opportunity to keep this dream alive, while enforcing necessary provisions to ensure that a lending crisis of this magnitude never happens again.”

New York’s housing market has suffered 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.

Foreclosures in New York City

Foreclosures have also hit New York City particularly hard as 1,949 homes have completed some form of foreclosure filing through November 2009. The number of New York City residents at risk to lose their homes rose dramatically to 85% this November compared to last November according to RealtyTrac a foreclosure listing firm. Brooklyn and Queens have some of the highest foreclosure rates in New York State. The foreclosures in New York City and around the state have also been a result of unemployment around the state.

Certain communities in Jamaica, Queens have experienced abnormally high foreclosure rates and predatory housing schemes. With unemployment still relatively high, foreclosures are expected to increase. Anytime a foreclosure occurs it can have a rippling effect such as families broken apart, possible increase in homeless children and adults, and adversely affecting the property and home value of neighbors. 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 New York State Building code or other local housing code. If a tenant occupies property, 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 strongly urge every New Yorker to look at the terms of their mortgage and to take action if they believe that it is no longer affordable,” concluded Senator Huntley. “Being proactive in this situation can be the difference in keeping your home, or falling victim to foreclosure.”

The borough of Queens had the highest rate of home foreclosures in New York City over the past year, averaging more than 150 foreclosures a month.