



NEW YORK STATE SENATOR

Diane J. Savino

## Senator Savino Announces Landmark Foreclosure Prevention Bill

DIANE J. SAVINO December 22, 2009

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Staten Island Homeowners particularly hard hit in mortgage crisis

Bill protects homeowners at risk of losing their homes, prevents similar crises from happening in the future

(Albany, NY) Tuesday, Senator Savino announced landmark Senate legislation, which protects homeowners from the ongoing foreclosure crisis, was signed into law by Governor Paterson. 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.

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.

This October, the Staten Island Advance reported findings by RealtyTrac, showing that foreclosure rates in Staten Island had jumped more than 100 percent from September 2008 to September 2009. The study also reported that during the third quarter, one in every 251 homes on the island was in foreclosure and that a total of 710 homes had received at least one foreclosure filing.

"Stabilizing the mortgage crisis is the first step in getting our economy back on track. This bill gives real teeth to foreclosure legislation passed last year, giving more time and opportunities for homeowners to find an alternative to foreclosure. Neighborhoods will be protected from eroding property values, by requiring banks and mortgage companies to maintain foreclosed properties. In addition, tenants who live in foreclosed properties will be allowed to remain in their homes for the remainder of their lease," said Senator Diane J. Savino.

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.

The law's provisions are as follows:

**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 may be commenced. This will allow additional time for homeowners to work with their lender to try to find an affordable solution to prevent unnecessary foreclosures.

**Expansion of Mandatory Settlement Conference:** 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. In addition, the legislation requires mortgage servicers to negotiate in good faith to try to reach a resolution.

**Protecting Neighborhoods and Tenants:** To protect neighboring property values and prevent health hazards that surround an unkempt, foreclosed home, the bill requires 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.

**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.

Senator Savino has long been a leader in the New York State Senate in regards to the foreclosure crisis, championing increased homeowner protections and limits on predatory lenders. In 2007, before the subprime industry imploded, Ms. Savino held hearings on predatory lending tactics in the College of Staten Island. In 2008, as part of a Democratic Conference initiative, the Senator held “Operation Save Your Home”, a day-long workshop where hundreds of homeowners in danger of losing their homes got the chance to meet face to face with their mortgage provider in order to work out a solution to foreclosure.

Margaret Becker, Director, Homeowner Defense Project, Staten Island Legal Services, said, “We are grateful for Senator Savino’s leadership on this issue all the work that she has done to help homeowners on many fronts. This is an important piece of legislation that is going to directly help thousands of Staten Island homeowners. The most significant provisions are extending the mandatory settlement conference to all loans, giving homeowners the opportunity to save their homes if possible, as well as requiring that the mortgage servicers negotiate in good faith,” said Ms. Becker.

“I strongly urge every New Yorker to look at the terms of their mortgage and to take action if they believe that their mortgage is no longer affordable,” concluded Senator Savino. “Being proactive in this situation can be the difference in keeping your home, or falling victim to foreclosure.”

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