



NEW YORK STATE SENATOR

Jose Peralta

## The State Senate Democratic Majority Passes Bill S7399 Requiring Lenders to Provide Consumers with a Mortgage Bill of Rights Sponsored by Senator Jose Peralta, Chair of the Consumer Protection Committee

JOSE PERALTA June 23, 2010

| ISSUE: **CONSUMER PROTECTION**

(Albany, NY) The State Senate Democratic Majority has passed legislation sponsored by State Senator Jose Peralta (D-Queens), Chair of the Consumer Protection Committee, requiring mortgage lenders and brokers to provide consumers with a Mortgage Bill of Rights - a pamphlet that must be signed by the consumer prior to mortgage application explaining the mortgage process and consumer rights and protections. This bill will ensure that consumers receive ample information before they begin the voluminous mortgage process.

Many people in New York State are still dealing with the mortgage foreclosure crisis, and many residents are unaware of their rights in the mortgage lending application process, resulting in misinformation, higher than expected mortgage payments and unfortunately, foreclosure.

Senator Peralta said, "There are still many New Yorkers who are suffering through the bad economy and this crisis has been compounded by thousands of families facing foreclosure because of predatory loans or because they simply did not understand the terms of their

mortgages.” He continued “I hope this bill will assist future homebuyers as they make one of the most important decisions of their lives; purchasing a home. We must do everything we can to prevent the past years foreclosure crisis from ever happening again. This bill is good for the consumers, it is good for our communities and it’s good for financial institutions.”

## BILL OF RIGHTS FOR RESIDENTIAL MORTGAGE APPLICANTS

As an applicant for a residential mortgage you have the right to:

- Compare the charges of different mortgage brokers and lenders to obtain the best loan possible.
- Ask your mortgage broker to explain his or her responsibilities within the mortgage lending process.
- Know how much the mortgage broker is compensated by you and the lender for your loan.
- A clear and truthful explanation of the terms and conditions of the loan.
- Know if the loan being offered is a fixed or adjustable rate mortgage loan, know the exact amount of your monthly loan payments, including any projected escrow payments, know the final annual percentage rate and the amount of regular payments at the loan's closing.
- Ask for a good faith estimate of all loan and settlement charges before you agree to the loan and pay any fees, such as loan application fees, title search and insurance fees, lender's attorney fees, property appraisal charges, inspections, recording fees, transfer taxes, point and origination fees, and escrow account balances.
- Obtain credit counseling before closing a loan.

- Decide whether or not to finance any portion of the points or fees.
- Refuse to purchase credit insurance for any mortgage loan.
- Have your property appraised by an independent licensed professional and to receive a copy of the appraisal.
- Not be subject to deceptive marketing practices.
- Ask for the HUD settlement costs booklet, "buying your home".
- Receive the following documents, and every document otherwise required to be given to you at closing under federal and New York state law:
  - Good faith estimate
  - Truth in lending
  - HUD-1 statement
- Know what fees are not refundable if you decide to cancel the loan agreement.
- Receive in writing the reason for the denial or conditional approval of your loan application.
- If refinancing, you may cancel a loan within three days of the closing by providing written notification of cancellation to the licensed lender or banking institution.
- Receive the HUD-1 document one day before the closing takes place.
- Have any lending disputes resolved in a fair and equitable manner.

- A credit decision that is not based upon your race, color, national origin, religion, sex, family status, sexual orientation, disability or whether any income is from public assistance.
- File a complaint with the New York state banking department if you believe that a mortgage broker or any other entity licensed by the banking department has violated any rules, regulations or laws which govern his or her conduct in working with you to get or process a mortgage loan. File a complaint with the New York state department of state if you believe that a real estate broker has violated any rules, regulations or law which governs his or her conduct in working with you to purchase a home.