



NEW YORK STATE SENATOR  
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## Hit By The Subprime Crisis? Here's Help

JAMES L. SEWARD

A sharp rise in the number of defaults on subprime and adjustable rate mortgages gave way to the current U.S. housing crisis, which quickly became one of the top issues of 2007. Borrowers were attracted to high-risk mortgages because of their initially low interest rates which, at the time, gave those with modest incomes the ability to purchase expensive homes. However, initial low rates quickly ballooned to levels that were unaffordable, resulting in widespread defaults and foreclosures.

Foreclosures are now at record levels, and some 20 percent of subprime loans now delinquent. This trend is likely to continue, as an estimated 1.8 million subprime mortgages are scheduled to reset to higher interest rates over the next two years. While no simple solution to the housing crisis exists, we must take steps to prevent avoidable foreclosures.

The State of New York Mortgage Agency (SONYMA) is currently offering a "Keep the Dream" mortgage refinancing program that is designed to help New Yorkers with certain high-risk mortgages avoid possible foreclosure. Eligible families with adjustable rate, interest-only or other unconventional mortgages are able to refinance with the help of SONYMA and obtain a 30-year or 40-year fixed-rate mortgage at competitive interest rates. The program provides at risk households with affordable and predictable monthly payments for the full term of their mortgages, removing the threat of losing their homes.

In order to be eligible for the program, borrowers must be able to demonstrate that they have experienced a mortgage payment hardship or will experience such a hardship in the future due to higher interest rates and/or payments. It is important to note that, specifically, borrowers must be no greater than 60 days behind on their mortgage payments because of the higher rates.

Borrowers who are more than 60 days delinquent on their payments are not eligible for the 'Keep the Dream' program. They should contact the HOPE hotline operated by the Homeownership Preservation Foundation (HPF), which provides free, independent, customized advice to homeowners. The number is 888-995-HOPE.

Eligible borrowers can have incomes of up to 125 percent of the area median income for upstate counties and 165 percent of the area median income for downstate counties. In the 51st senatorial district, the following income limits apply:

Chenango County: \$60,250

Cortland County: \$63,750

Greene County: \$67,870

Herkimer County: \$65,500

Otsego County: \$61,870

Schoharie County: \$82,870

Tompkins County: \$81,750

The maximum loan amount for the 'Keep the Dream' program is \$417,000 for condos, co-ops, and single-family homes (with 100 percent financing), \$533,850 for a two-family home (with 97 percent financing), and \$645,300 for three- and four-family homes (with 95 percent financing). Borrowers must live in the home being refinanced and the proceeds can be used to pay prepayment penalties, closing costs and pay off most second mortgages. However, proceeds cannot be used to repay other debt/expenses.

All borrowers who qualify for 'Keep the Dream' mortgages are also required to complete homebuyer education courses with federal or state approved not-for-profit organizations. They must also agree to participate in early delinquency intervention counseling should they become delinquent for 30 days or more on their refinanced mortgages.

Those who are interested in applying for a 'Keep the Dream' mortgage can do so directly through participating lenders in New York State. Participating lenders in the 51st senatorial district include the following:

**Continental Home Loans Inc.**

**Melville, NY**

**(800) 540-8838**

**(631) 549-8188**

**Queens Village, NY**

**(718) 217-7266**

**Countrywide Home Loans, Inc. North Syracuse, NY (315) 458-4777 or Latham, NY**

**(518) 786-3600**

**M&T Bank**

**(800) 726-5626**

**Home Funding Finders, Inc. (Cortland, Greene, Herkimer and Schoharie counties)**

**East Syracuse, NY (800) 444-6313 or Latham, NY (800) 444-6313**

**Walden Federal Savings & Loan Association (Greene County)**

**Walden, NY**

**(845) 778-5371**

**(800) 249-3832**

For more information about the 'Keep the Dream' program, call SONYMA at (800) 382-HOME (4663) or visit the SONYMA website at [www.nyhomes.org](http://www.nyhomes.org).