



NEW YORK STATE SENATOR

Jeffrey D. Klein

Gov Lauds Klein In State Of The State

JEFFREY D. KLEIN January 8, 2008

New York City had been subject to a foreclosure filing at the close of the third quarter, Spitzer praised Klein for his leadership.

At the forefront of efforts to mitigate the subprime crisis since April, Klein has introduced legislation, held six hearings around the state, released four reports on the increasingly dire straits of New York's home mortgage borrowers, and helped champion what has become a national effort to curb abusive home lending practices

In November, Klein put the lending lessons he has learned into practice, introducing a pilot program with Countrywide Financial, the largest lending institution in the nation, to reconfigure mortgages in the 34th Senate District and keep families out of foreclosure. Klein is currently working with other banks to expand the program through out the state:

"I am grateful that we have a leader like Governor Spitzer at the helm, someone who recognizes the escalating crisis to which many in the Legislature remain blind. The tumult in the sub-prime mortgage market has wreaked havoc on families, neighborhoods, and financial markets. Homeowners trapped in predatory sub-prime mortgages cannot afford to wait as lenders bleed them dry and politicians play partisan games: they need action now."

In his address the Governor announced that he would be sending them legislation requiring lenders to send pre-foreclosure notices to homeowners at least 60 days before a lender can initiate foreclosure proceedings. And, if a financially-distressed borrower engages a housing counselor or reaches out to his or her lender, that lender will be precluded from initiating or continuing a foreclosure action against the borrower for a specified period of time. The proposal would further:

- Require lenders to prove that they have ownership of the note and mortgage when they initiate foreclosure proceedings;
- Enhance lender liability laws;
- Create the specific crime of mortgage fraud;
- Protect borrowers from foreclosure scams targeting homeowners in default;
- Require lenders, when making a lending decision, to ensure that the borrower has a reasonable ability to repay a loan, and to act in the borrowers interest; and,
- Create additional protections against high cost mortgages for home purchases.