



NEW YORK STATE SENATOR

Jeffrey D. Klein

Klein Protects Family Community From Foreclosure Fall Out

JEFFREY D. KLEIN November 6, 2007

NY-Pointing to a blighted property, Senator Klein emphasized that the impact of the national foreclosure crisis has now reached the small, quiet, middle class community of Throggs Neck as a result of the instability in the sub-prime lending market.

“The fall-out of the sub-prime mortgage crisis has hit home here in Throggs Neck where the ripple effect of a single foreclosure has rocked this pristine and exemplary community of responsible citizens. This abominable situation is proof that just one foreclosure can devastate an entire community and threaten the safety and well-being of innocent families. We need to pass legislation now to curtail this crisis and end the shameful lack of responsibility on the part of the banks that has permeated the American Dream of homeownership,” said Senator Klein.

The call comes after the basement of a foreclosed property in a Throggs Neck two-family home degenerated into the site of frequent delinquent and potentially illegal behavior by gangs of local teenagers, tormenting an otherwise quiet and family oriented neighborhood. Over the past two months there has been a constant stream of activity through the basement at all hours of the night. Kids would make loud noise and bring aggressive dogs onto the property which they further trashed with strewn about furniture, debris, and even a bathtub in the back yard. The police responded countless times, issued summonses to the kids who weren't able to escape through the back door of the basement and over the

backyard fence—Captain McSorley even reports that an officer was injured in the process. Nevertheless, the kids continued to stake their claim to the property, even shouting obscenities at community members in front of police officers.

Unable to find any bank or agency to take responsibility for the property, the desperate community turned to Senator Klein for help. After extensive research and a slew of endless phone calls to determine the history and ownership of the property, Senator Klein was finally able to bring solace to the concerned and frightened community.

New York City. The office looked up the deed of the property via the ACRIS system (the on-line records of the New York City Register) and found that it was owned by HSBC Bank as a trustee, which had sold the servicing rights to Ocwen Loan Servicing to manage the sale of the property. After countless calls, Ocwen informed the office that eviction notices would be issued at the end of November but that the realtor currently responsible for the property was Northeast Assets Realty Inc. Despite repeated opposition, and an extraordinary amount of red tape to determine the party responsible for the house, Senator Klein was finally able to arrange to have the property boarded up the next day.

“I will not allow a decent and beautiful community of tax payers to become a casualty of the foreclosure crisis,” added Senator Klein.

In April, Senator Klein introduced bill # S6394, the “New York Sub-Prime Predatory Lending Prevention Act.” The measure would include additional consumer protections on sub-prime home mortgage loans, including a prohibition on loan flipping when there is no tangible benefit to the buyer and a requirement that the lender verify the borrower’s ability to repay the loan, as well as mandatory education/counseling for all sub-prime products. The most salient aspect of Senator Klein’s legislation would create a fiduciary duty between the mortgage broker and the borrower. As of now there is no federal or state legislation which

requires the broker to act in the best financial interests of the borrower.

Buffalo, to address the wide-spread and varied components of this crisis.