



NEW YORK STATE SENATOR

Frank Padavan

Home Foreclosure Prevention and Relief Legislation Passes Senate

FRANK PADAVAN June 22, 2008

The New York State Senate today passed comprehensive legislation, co-sponsored by Senator Frank Padavan (Queens) that will help at-risk homeowners overcome an impending foreclosure and provide a set of initiatives that will prevent a future increase in foreclosures throughout New York. A bipartisan agreement on the legislation was reached between legislative leaders and the Governor late last week.

The legislation passed the Senate unanimous bipartisan support.

“This comprehensive legislation will provide much needed relief and help at-risk homeowners throughout New York facing a foreclosure on their home,” Padavan said. “The legislation is reflective of the strong commitment at all levels of state government to providing the necessary legislative initiatives and tools to help halt the rise of home foreclosures in all reaches our state.”

“I applaud Governor Paterson, Senator Bruno and Speaker Silver for their intensive efforts and working in a bipartisan fashion in advancing this legislation to help ensure that the dream of owning a home in New York remains strong today and in the future. I also respect Governor Paterson’s view that a subprime mortgage foreclosure moratorium would not have worked and would have only delayed a foreclosure on a home,” Padavan said.

The legislation focuses on not only helping homeowners today but takes significant steps in preventing a future rise in the number of home foreclosures throughout the state. Under the legislation, lenders must send out a pre-foreclosure notice to a mortgage borrower at least three months before any foreclosure proceedings begin. The lender also must send with the notice a list of state-approved housing counselors available in their area. This will allow at-risk homeowners to find help and take any action they need before any foreclosure proceedings have begun.

The legislation also requires that there must be a mandatory settlement conference for foreclosure proceedings involving homeowners with certain subprime loans. Additionally, the legislation will include provisions and legal steps to clarify and eliminate questionable foreclosure actions and tactics that have arisen during the current subprime mortgage crisis.

In order to prevent another rise in home foreclosures in the future, the legislation includes a number of provisions strengthening state law in order to protect mortgage borrowers and homeowners. These legislative initiatives include: a “duty of care” provision that will require mortgage lenders to act in a borrower and homeowner’s best interest, increased criminal penalties for mortgage fraud and stronger state oversight and transparency of mortgage servicers throughout New York state.

“This legislation gives lenders and homeowners a mechanism to avoid foreclosures while instituting new and stronger state oversight and standards governing subprime loans in New York state,” Padavan said. “At the end of the day, this comprehensive legislation will make New York the leader in the fight to end the rise of foreclosures. With New York being the first state in the nation to act on comprehensive legislation addressing the foreclosure crisis, it’s time for Congress to follow our lead and provide federal assistance to homeowners facing foreclosure.”

From the very beginning of the rise of the subprime mortgage foreclosure crisis, Senator Padavan has been at the forefront working in bipartisan fashion with his state legislative colleagues, homeowners and community groups to develop a comprehensive legislative approach that would help stop foreclosures and stabilize local housing markets.