



NEW YORK STATE SENATOR

Frank Padavan

Agreement Reached on Foreclosure Relief Bill

FRANK PADAVAN June 19, 2008

Following weeks of negotiations, an agreement has been reached by Governor Paterson and legislative leaders on a comprehensive bill that will help at-risk homeowners throughout New York overcome an impending foreclosure, New York State Senator Frank Padavan (Queens) announced today.

“This agreement is reflective of the strong commitment at all levels of state government to provide help and relief to at-risk homeowners facing a potential foreclosure on their home,” Padavan said. “I applaud Governor Paterson, Senator Bruno and Speaker Silver for bringing this agreement to fruition and taking a significant step forward in the fight to stem the tide of the subprime mortgage foreclosure wave in New York.”

Padavan continued; “I respect Governor Paterson’s view that a subprime mortgage foreclosure moratorium would not have worked and would have only delayed a foreclosure. At the end of the day, this agreement provides the necessary tools and initiatives that will help homeowners and communities that have been adversely impacted by the rise of home foreclosures and help ensure that the dream of homeownership remains strong.”

From the very beginning of the rise in 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.

The bill, expected to be vote upon next week, 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 agreed upon bill, 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.

The bill will also require that there must be a mandatory settlement conference for foreclosure proceedings involving homeowners with certain subprime loans. Additionally, the bill 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 bill 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.