



NEW YORK STATE SENATOR

Jeffrey D. Klein

Saving Homes & Preserving Neighborhoods

JEFFREY D. KLEIN April 7, 2010

| ISSUE: **FORECLOSURE**

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Senators Klein and Foley to unveil new foreclosure laws taking effect in April expected to protect thousands of residents and property values

NEW YORK, NY - Deputy Majority Leader Senator Jeff Klein (D-Bronx/Westchester) and Senator Brian X. Foley (D-Suffolk) announced details of new statewide foreclosure laws

taking effect in mid-April while touring neighborhoods in Suffolk County on Tuesday.

Under the law (S66007, Section 6), banks must clean and maintain properties they already own also called Real Estate Owned Properties (REOs) as well as properties that enter a judgment of foreclosure and sale. Banks will carry that responsibility until ownership is transferred through the closing of a title in foreclosure, or other disposition, and the deed for the property has been recorded. If a tenant currently occupies the property, the law states banks must also keep the property in a safe and habitable condition. The municipality where the property is located, any tenant, board of managers of a condominium or homeowners association may enforce the obligation.

"We must not allow the foreclosure crisis of recent years to turn any more of our vibrant communities into deteriorating neighborhoods. As the banks fail to maintain foreclosed properties, the likelihood of drugs and crime increases while property values decrease," said Senator Klein. "Beginning April 15th, struggling New York homeowners and declining neighborhoods will get a much needed shot in the arm as we put in place better protections to keep the dream of homeownership alive and preserve our neighborhoods."

"This sweeping foreclosure protection legislation will immediately help families and communities in Suffolk County and across New York State," said Senator Brian X. Foley (D-Suffolk). "From stabilizing our neighborhoods to stopping loan modification scams that prey on vulnerable homeowners, to limiting additional foreclosures, this legislation is a major step towards full recovery from the foreclosure crisis. As Chairman of the Senate Banking Committee, it has been my privilege to work with Senator Jeff Klein and Senator Craig Johnson in crafting this comprehensive legislation and helping protect the American Dream of home ownership."

"This law not only protects families that have been caught in this foreclosure wave, but also the hard working taxpayers who have played by the rules and yet have to live with the fallout of a foreclosure in their neighborhoods," said Senator Craig M. Johnson, (D-Nassau). "I commend Deputy Majority Leader Klein and Banking Committee Chairman Foley for their work on this very important issue, and for their commitment to seeing this very important legislation become law."

Klein and Foley also released new data showing the financial impact of unmaintained foreclosed properties nationwide and across New York State. Citing 2009 reports by the Center for Responsible Lending, it is estimated that homeowners living near foreclosed properties will see their property values decrease an average of \$7,500 per each foreclosed home. In New York State the number of neighboring homes experiencing devaluation in 2009 due to foreclosures was more than 5.2 million. The combined monetary decrease in home values/tax base due to subprime foreclosures in 2009 was \$65.3 billion dollars.

Realtytrac.com reports that in Nassau County 7,500 homes went into some stage of foreclosure in 2009; 8,500 in Suffolk County. The website also notes that in Nassau County, lending institutions owned 253 homes in the past year and in Suffolk County, lending institutions owned 235 homes. The top five lending institutions with the most REO properties on Long Island are as follows: Deutsche Bank (106), US Bank (78), Wells Fargo (64), HSBC (31), Bank of America (29).

The top ten zip codes on Long Island with the most REO properties are as follows: 11550 (Hempstead), 42 REO properties; 11520 (Freeport), 20 REO properties; 11717 (Brentwood), 19 REO properties; 11003 (Elmont), 19 REO properties; 11767 (Nesconset), 17 REO properties; 11575 (Roosevelt), 16 REO properties; 11590 (Westbury), 15 REO properties; 11706 (Bay Shore), 13 REO

properties; 11722 (Central Islip), 12 REO properties; 11701 (Amityville), 10 REO properties. In Suffolk County, zip code 11717 (Brentwood) had the most REO properties with 19. In Nassau County, zip code 11550 (Hempstead) had the most REO properties.

In addition to requiring banks to maintain foreclosed properties, the foreclosure law also includes expanding the 90-day notice requirement to all distressed borrowers, expanding the mandatory settlement conference to include all loan types and requiring lenders, services and assignees of mortgage loans to make regular data filings with the NYS Superintendents of Banks.

“Brooklyn Housing & Family Services applauds the comprehensive nature of this legislation. This legislation will have a far reaching impact on the quality of life in neighborhoods across the state as well as on the stability of families. Neighborhoods will be protected from decay and crime while families are protected from displacement and the threat of homelessness,” said Carol Finegan, Director of Administration for Brooklyn Housing & Family Services, Inc.

“The NeighborWorks® Alliance of NYS, representing twenty-two NeighborWorks organizations from Long Island to Niagara Falls, thanks Senators Klein and Foley for their leadership roles in assisting homeowners and communities that are reeling from mortgage foreclosures. The new State law will benefit homeowners who are currently in default as well as benefiting neighborhoods by requiring maintenance of foreclosed properties” said Hilary Lamishaw, Director of NeighborWorks Alliance of NYS.

“This legislation provides desperately needed protections for tenants in foreclosed properties and defends our communities from the blight of abandonment that all too often follows mortgage default and foreclosure,” said Jonathan Levy, Housing Unit Deputy Director for Legal Services NYC-Bronx.

“Community Development Corporation of Long Island applauds Senators Klein and Foley for this initiative. These new laws, in addition to the default and foreclosure counseling being provided to thousands of homeowners on Long Island through HUD certified Housing Counseling organizations like CDC, will help to provide stability to distressed communities.” said Eileen Anderson, Senior Vice President of CDC of Long Island.

“Long Island Housing Services (LIHS) applauds this new law as a great asset for municipalities, homeowners, tenants and their neighbors. This measure [requiring upkeep and maintenance of properties] should improve and help stabilize communities sorely affected by the foreclosure crisis. This legislation will help not only maintain properties and neighborhoods, but also protect tenant’s rights. In addition, once the banks realize the financial burden and difficulty of maintaining millions of properties, the new law may drive banks to come up with sustainable mortgages for current homeowners and thereby avoid the entire foreclosure process,” said Maria DeGennaro, Housing Counseling Program Coordinator for Long Island Housing Services.

“Neighborhood Initiatives Development Corporation thanks NYS Senator Jeff Klein and Senator Foley for putting together this important legislation designed to protect the families in our community from losing their homes and requiring banks to maintain their properties,” said Andrew Laiosa, Senior Housing Specialist for Neighborhood Initiatives Development Corporation.

“As the new bill goes into effect, it is our hope that the banks will proactively work with homeowners to keep them out of foreclosure and in their homes,” said Sarah Fouquart, Group Manager for GreenPath Debt Solutions. “Such a move would allow the homeowner to maintain the property and help preserve neighborhood property values.”

"Long Island has been particularly hard hit by the mortgage crisis, with Suffolk County having the third highest foreclosure rate of all counties in the state. While federal regulators were asleep at the switch, state lawmakers have stood up to the powerful Wall Street lobbies by working to protect New Yorkers. Senators Foley and Klein led the way last year in passing legislation that will help Suffolk homeowners hold on to their homes and ensure that houses that have been foreclosed will be maintained to protect neighborhoods from decline," said Russ Haven, Legislative Counsel for New York Public Interest Research Group, Inc.

"REO homes decrease the property value of neighborhoods and when properties are not properly maintained it creates an unnecessary blight to a community. The new law will protect our communities from further devastation," said Connie Lassandro, Director of Nassau County Office of Housing & Homeless Services.