



NEW YORK STATE SENATOR

Jose Peralta

## Senator Peralta Calls on Governor Paterson to Sign Mortgage Bill of Rights Legislation Prompted by Record Number of Foreclosures

JOSE PERALTA July 27, 2010

| ISSUE: **BANKS, CONSUMER PROTECTION, HOUSING, FORECLOSURE, PREDATORY LENDING**



Senator Jose Peralta, Assemblymember Hakeem Jeffries and Comptroller John Liu are calling on Governor Paterson to sign the Mortgage Bill of Rights Legislation, requiring mortgage lenders and brokers to provide consumers with a detailed document explaining the mortgage process and consumer rights and protections. This bill will ensure that consumers receive ample information before they begin the voluminous mortgage process.

Many people in New York State are still dealing with the mortgage foreclosure crisis, and many residents are unaware of their rights in the mortgage lending application process, resulting in misinformation, higher than expected mortgage payments and in too many cases foreclosure. With one million Americans expected to be in foreclosure this year, many of them in New York this legislation aims to provide information to consumers before they enter into a mortgage agreement with banks and lenders.

Senator Peralta said, "Unfortunately, the mortgage crisis has not subsided. Banks are posting record profits this year but have failed to provide assistance or helpful information to New Yorkers who are suffering through the bad economy. The crisis has been compounded by thousands of families facing foreclosure because of predatory loans or because they simply did not understand the terms of their mortgages." He continued, "This legislation will assist future homebuyers as they make one of the most important decisions of their lives; purchasing a home. This bill is good for the consumers, it is good for our communities and it's good for financial institutions."

Assemblymember Jeffries said "The mortgage bill of rights is a common-sense measure that provides potential homeowners with critical information to make an informed decision. The recent foreclosure crisis has dealt our economy a crushing blow. While the banks and financial institutions have recovered, many communities throughout the state remain vulnerable. That is why we urge Governor Paterson to sign the mortgage bill of rights into law."

Comptroller John Liu concluded "Foreclosures not only force people from their homes, but also place a financial burden on banks themselves and have a long-term impact on our regional economy. his bill will enable consumers to make more informed decisions and is ultimately beneficial to both applicants and the banks themselves."

## BILL OF RIGHTS FOR RESIDENTIAL MORTGAGE APPLICANTS

As an applicant for a residential mortgage you have the right to:

- Compare the charges of different mortgage brokers and lenders to obtain the best loan possible.
- Ask your mortgage broker to explain his or her responsibilities within the mortgage lending process.
- Know how much the mortgage broker is compensated by you and the lender for the loan.
- A clear and truthful explanation of the terms and conditions of the loan
- Know if the loan being offered is a fixed or adjustable rate mortgage loan, know the exact amount of your monthly loan payments, including any projected escrow payments, know the final annual percentage rate and the amount of regular payments at the loan's closing.
- Ask for a good faith estimate of all loan and settlement charges before you agree to the loan and pay any fees, such as loan application fees, title search and insurance fees, lender's attorney fees, property appraisal charges, inspections, recording fees, transfer taxes, point and origination fees, and escrow account balances.
- Obtain credit counseling before closing a loan.
- Decide whether or not to finance any portion of the points or fees.
- Refuse to purchase credit insurance for any mortgage loan.
- Have your property appraised by an independent licensed professional and to receive a copy of the appraisal.
- Not be subject to deceptive marketing practices.
- Ask for the HUD settlement costs booklet, "Buying Your Home".

- Receive the following documents, and every document otherwise required to be given to you at closing under federal and New York state law: Good faith estimate, truth in lending and HUD-1 statement
- Know what fee are not refundable if you decide to cancel the loan agreement.
- Receive in writing the reason for the denial or conditional approval of your loan application.
- If refinancing, you may cancel a loan within three days of the closing by providing written notification of cancellation to the licensed lender or banking institution.
- Receive the HUD-1 document one day before the closing takes place.
- Have any lending disputes resolved in a fair and equitable manner.
- A credit decision that is not based upon your race, color, national origin, religion, sex, family status, sexual orientation, disability or whether any income is from public assistance.
- File a complaint with the New York state banking department if you believe that a mortgage broker or any other entity license by the banking department has violated any rules, regulations or laws which govern his or her conduct in working with you to get or process a mortgage loan. File a complaint with the New York state department of state if you believe that a real estate broker has violated any rules, regulations or law which governs his or her conduct in working with you to purchase a home.

