



NEW YORK STATE SENATOR

Shirley L. Huntley

## Foreclosures

SHIRLEY L. HUNTLEY August 16, 2010

| ISSUE: **BANKS, FORECLOSURE, PREDATORY LENDING, LOANS**

### News From New York State

#### Senator Shirley L. Huntley

**For Immediate Release:** August 17, 2010

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### **Senate Bill Guaranteeing Protections for Tenants of Foreclosed Buildings Signed into Law**

#### **Senator Huntley: Prior Law Allowed Tenants to be Forced from Homes**

#### **without Notice**

(D-Jamaica) Senator Shirley L. Huntley announced that a new law guaranteeing greater protection for tenants of buildings in foreclosure has been signed into law (S. 7139). Under the Senate's new law, rent-regulated tenants are now required to receive a notice of their housing rights, along with a notice of the building owner's foreclosure. The bill takes effect 30 days from the date of signing.

A review of the state's prior notification requirement for renters revealed that existing law failed to effectively communicate to rent-controlled and rent-stabilized tenants that their

housing rights are unaffected by a foreclosure proceeding. The communication failure had created a possible gateway for the foreclosure entity to take advantage of unknowing and unsuspecting tenants. This piece of legislation was a necessity to protecting tenants in an economy that has already seen approximately 1,748 foreclosure filings in just Queens alone.

“This is a significant victory for rent regulated and stabilized tenants, setting up a fairer and more understandable system,” said Senator Huntley. “Tenants should not automatically assume they have to leave because their building is under foreclosure. This bill ensures all tenants are prepared with the appropriate information about their rights.” The tenants will now be able to confidently evaluate their options, and know whether any action taken against them is legal or illegal.

To empower tenants and curb misleading behavior, this law also requires the foreclosing entity to provide a name, address, and phone number on the notice so affected parties know who they are receiving information from and can contact for additional questions and concerns; previously, tenants had great difficulty accessing this information.

The senator noted that most non-regulated or stabilized tenants with leases may potentially stay in their dwelling for the remainder of the lease term, despite foreclosure. Rent-stabilized tenants and rent-controlled tenants are protected with respect to eviction and lease renewals, and their rights are unaffected by a building entering foreclosure status.

The legislation is the latest in the Majority’s efforts to curb foreclosures and their adverse effects on residents of New York, while also empowering people to remain in their homes. Starting in 2007, Senate Democrats began a comprehensive statewide initiative to help thousands of struggling homeowners refinance their properties to avoid foreclosure. In the last two years, the Majority has passed several bills, including S. 7798A, which empowers homeowners to take action against lenders who fail to enter into good-faith foreclosure

negotiations, as well as legislation helping members of the armed forces avoid the foreclosure process while serving our country.

If you would like more information on foreclosures and your rights, please visit the United States Department of Housing and Urban Development website at [www.hud.gov](http://www.hud.gov) or call (212) 264-8000.