



NEW YORK STATE SENATOR

Brian X. Foley

# The Mortgage Foreclosure Crisis

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One of the issues that I began to see hitting a tipping point during the time I was running for the Senate two years ago was the mortgage foreclosure situation. In the time since then, it has shifted from reaching a tipping point to outright crisis. My office receives calls on a daily basis from individuals who are fighting to save their homes. Fortunately, we have been able to help many of these residents.

In response to the sheer number of calls we received from the first day our office opened, I asked my staff to organize an event where people could sit face-to-face with a representative from their lending institution and work towards a solution. I have now sponsored two Mortgage Foreclosure Prevention events. The most recent one, held at William Floyd High School, saw nearly three hundred people come through the door in six hours. Some homeowners were able to work out

modifications on-site; others were able to make more progress towards a modification than they previously had been able to; still others were able to simply begin talking to a lender they had not been able to get on the phone.

One thing I have come to recognize over the last year and a half is that while helping people once they are in the foreclosure process is important, we must also do more as a state to protect homeowners before the foreclosure process is officially commenced.

Last November I co-sponsored legislation with Senator Jeff Klein, which is now law, that provides comprehensive foreclosure protection. The law safeguards homeowners by requiring lenders and mortgage servicers provide a foreclosure notice to all distressed homeowners at least 90 days before legal action is commenced. It expands the number of homeowners who are eligible to receive the benefit of a mandatory settlement conference. Now, holders of all types of home loans may receive this benefit within a five year time period. The law precludes companies from accepting up-front fees in connection with performing distressed property counseling and requires mortgage brokers to disclose the exact amount and method of calculation for the total compensation they will receive within three days. Finally, the law requires plaintiffs in a mortgage foreclosure action to maintain the property in compliance with New York State Building Codes and local housing codes, even if still inhabited by tenants.

In April, State Supreme Court Judge Jeffrey Spinner cited the law in ruling that a lender had not acted in good faith when negotiating with a Suffolk County homeowner, as mandated by the law. Judge Spinner's decision resulted in the couple keeping possession of their home. Additionally, the lender was charged \$100,000 for abusive practices.

There is certainly still more to be done, however, we have been able to begin to help homeowners who are facing foreclosures. One moment that stood out and solidifies

for me that we are heading in the right direction was when an individual who works for the banks asked if I could stop making it harder for banks to foreclose on properties. My answer was no. We will not stop making it harder for them and protecting Long Island's homeowners.

If you are in need of assistance with a mortgage foreclosure, please do not hesitate to contact my office at 631-231-0517 or 631-360-3365. My staff and I will do everything we can to help.