

Paterson signs stronger laws on home foreclosures

Joseph Spector • Albany Bureau • December 15, 2009

ALBANY -- Gov. David Paterson on Tuesday signed into law stronger foreclosure regulations that aim to protect New Yorkers from losing their homes, such as requiring better notice to homeowners facing foreclosure and mandating settlement hearings with banks.

The law expands a package of regulations adopted last year that dealt largely with homeowners caught in the sub-prime mortgage crisis. The new laws require 90-day pre-foreclosure notice from banks on all home loans, not just sub-prime loans.

The goal, Paterson and state lawmakers said, is to allow additional time for homeowners to work with lenders to prevent foreclosures. Another regulation will expand to all homeowners mandatory settlement conferences with their lender, not just borrowers with sub-prime loans.

"What we are doing here today by signing this bill is keeping the American dream of home ownership alive not only for this generation but future generations," said Sen. Jeff Klein, D-Bronx, who sponsored the legislation.

There were 39,923 foreclosure filings in New York during the first three quarters of this year, an 11 percent decrease compared to the same period last year.

But despite the decline, Paterson said the new law was needed to ensure that all homeowners were protected, not just homeowners who undertook risky loans.

He said the economic downturn has impacted "people who had stable jobs and took out regular mortgages but because of the deep recession are put in the same position" as those who had sub-prime loans.

Josh Zinner, co-director of the Neighborhood Economic Development Advocacy Project, based in Manhattan, said New York is the first state to require settlement conferences for all pending foreclosures.

"The foreclosure process for so many years has been stacked against borrowers and this really opens up the courts to give borrowers a fair shake," he said.

Other components of the law include:

* Requiring lenders who serve a 90-day foreclosure notice on a homeowner to file with the state Banking Department within three days, allowing the state to provide assistance to distressed homeowners.

* Establishing protections for tenants in foreclosed properties by requiring that they receive written notice of a change in ownership and be permitted to remain in their home for the rest of their lease term or 90 days, whichever is longer.

* Enhance consumer protections to prevent homeowners from falling prey to scams and prevent brokers who perform distressed property consulting services from accepting upfront fees.

Here's a look at the number of foreclosures by county through the first nine months of the year.

County Third Quarter 2009 Year-to-Date

Broome 161 437

Cayuga 16 63

Chemung 15 59

Chenango 4 10

Cortland 37 91

Onondaga 126 374

Schuyler 3 10

Seneca 7 11

Steuben 12 29

Tioga 11 20

Tompkins 2 5

Yates 2 20

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