



**FOR IMMEDIATE RELEASE:  
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**GOVERNOR SPITZER AND ATTORNEY GENERAL CUOMO ADVANCE  
INITIATIVES TO ADDRESS IRRESPONSIBLE HOME LENDING PRACTICES  
HALT Task Force Expands Efforts to Address Subprime Lending Crisis**

Governor Eliot Spitzer today met with Attorney General Andrew Cuomo and members of the Governor's Halt Abusive Lending Transactions (HALT) Task Force to address the subprime and foreclosure crisis in New York. The Governor and Attorney General announced key initiatives their respective offices are taking to address the rising rate of foreclosures, assist homeowners currently facing delinquency or foreclosure, and reduce the risk of future subprime lending.

The Governor and Attorney General announced a joint letter to Congress, calling for continued federal action to combat subprime lending practices, while preserving the authority of state and local governments to develop and enforce protections specific to the needs of their constituents.

"Foreclosures not only rock individual homeowners, but entire communities and the state at large," said Governor Spitzer. "This is a complex issue that requires a comprehensive government response, which is why I am pleased to be leading a multi-agency approach and partnering with the Attorney General. The goal of these efforts is to deliver initiatives that assist both current and future homeowners."

Lieutenant Governor David Paterson said: "The Governor knows that New York families have worked hard to become homeowners and do everything they can to pay their mortgage. With tens of thousands of New York homes being foreclosed, or at risk of foreclosure, we are implementing new initiatives with the HALT task force in order to provide more help. Neither the luck of the market nor the calculated preying of mortgage lenders should take a family's dream away."

Attorney General Cuomo said: "The integrity of the mortgage industry is vital to protecting homeowners and investors alike. Governor Spitzer's initiatives aimed at addressing the home lending crisis are crucial to New Yorkers and I applaud his efforts to find a comprehensive solution to the problems New York faces. My office has been investigating the mortgage industry for months and we have already uncovered troubling practices relating to widespread appraisal fraud. These problems need to be addressed at every level of government including at the federal level. However, while the federal government should take steps to clean up our housing industry, it is important that the work of the states not be precluded by any federal actions."

Richard Neiman, Banking Superintendent and Chair of the HALT Task Force: "I commend Governor Spitzer for his understanding of the appropriate role for state government in this crisis and his unwavering commitment to protecting consumers, establishing standards, and facilitating dialog with the private sector. The formation of the HALT Task Force has provided us with the platform to begin assisting the increasing number of homeowners facing foreclosure and to begin to halt the predatory lending practices which contributed to the current crisis."

The initiatives introduced by the Governor today are as follows:

- **\$2 Million Dollar Matching Grant Program:**

A \$2 million matching grant program has been created to provide financial support for counseling groups and legal aid societies assisting homeowners facing delinquency or foreclosure. The

availability of trained mortgage counselors is an important element in supporting and educating New Yorkers. As caseloads have grown, the sustained ability of these agencies to respond to this increasing demand for services is a critical issue. The grant money, which will match private grants, will help ensure that community groups have the resources, tools and training needed to deal with the higher case loads. The funds are being allocated from settlement funds recouped from prior enforcement actions by the Banking Department. Earlier this year, the Governor awarded over half a million dollars in grants from SONYMA and the Division of Housing and Community Renewal (DHCR) to nonprofit counseling services.

- **Legislative Proposal:**

The Governor has directed his staff to work with the Legislature, consumer advocates and the lending industry to develop legislation to address subprime lending and related home mortgage issues. The goal is to work towards a consensus legislative proposal that will, at a minimum, require more in-depth evaluation of borrowers' ability to repay, prohibit certain loan practices, clarify mortgage brokers' duties to borrowers, and strengthen state enforcement tools

The Governor also highlighted a number of key initiatives undertaken by the HALT Task Force:

- **'Keep the Dream' Program:**

SONYMA has launched the \$100 million 'Keep the Dream' program, a refinance program for eligible subprime borrowers facing mortgage hardship, as well as a new forty-year fixed rate mortgage product for first-time homebuyers. SONYMA has also dedicated \$250,000 to counseling groups providing counseling services for the 'Keep the Dream' program and DHCR awarded grants of \$388,000 for nonprofits counseling services across the state.

- **Regional HALT Summits:**

The HALT Task Force will continue to convene day-long summits through out the state. To date, three HALT summits have been held in New York City, Buffalo, and Long Island. These summits brought together community groups, industry, and government agencies to encourage open dialog and joint efforts in responding to regional challenges facing New Yorkers.

- **Banking Reform:**

Banking Law 6-I was updated to raise the loan limits to Fannie Mae and Freddie Mae conforming limits, which expanded the number of borrowers protected under the law. This change was especially relevant to homeowners in downstate where home prices are higher. The Banking Department also issued regulatory guidance covering underwriting standards, workout arrangements, management practices, and consumer protection provisions that mortgage originators are encouraged to follow when marketing and selling certain non-traditional and subprime mortgage products.

The Governor's announcement was met with broad approval by legislative officials and consumer advocates.

Senate Minority Leader Malcolm A. Smith said: "Clearly we must do more to prevent the domino-like sweep of foreclosures in New York while providing relief to those who have already suffered devastating home losses. Senate Democrats will continue to focus on the subprime lending crisis as we have done in recent months traveling throughout the state and hearing the stories of individuals victimized by predatory lending practices. We thank Governor Spitzer for taking a strong position on this issue and look forward to working with him on solutions."

Senator John Bonacic, Chairman of the Senate Housing Committee, said, "When a home financed by a sub-prime loan is foreclosed against, every other seller of property in that community has their property value lowered, because the market adjusts to the lowest price for similar homes which are for sale. The erosion of the real estate market directly impacts the middle class who count on their home to provide equity and retirement cash. That community-wide diminished value of real estate is a substantial reason why the subprime mortgage issue must be addressed. I applaud the Governor and Priscilla Almodovar at the State of New York Mortgage Agency (SONYMA) for their efforts on this issue, and look forward to continuing to work with them."

Sarah Ludwig, Executive Director of the Neighborhood Economic Development Advocacy Project and a leader of the New Yorkers for Responsible Lending Coalition, said: "We applaud the governor for his leadership, and look forward to working with him and others to craft desperately-needed responsible lending legislation that ensures borrowers are protected from abusive and discriminatory lending practices that have too long plagued our state. The initiatives announced today are part of the broad set of solutions needed to address the subprime lending and foreclosure crises in New York."

Lois Aronstein, AARP NY State Director, said: "AARP commends Governor Eliot Spitzer and Attorney General Andrew Cuomo for their leadership in proposing solutions to the foreclosure crisis. This move demonstrates New York State's commitment to address the irresponsible lending practices that have caused so many New Yorkers to lose one of their most valuable assets. For an older person, a foreclosure means not only the loss of a home but the loss of a place where they have built a lifetime of memories."

The HALT Task Force, which was formed in March, is chaired by Banking Superintendent Richard H. Neiman and consists of agency heads from the Department of State, SONYMA, the Division of Human Rights, the Consumer Protection Board, DHCR, the Governor's Office of Regulatory Reform, and members of the Governor's Executive Chamber.

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