



NEW YORKERS FOR RESPONSIBLE LENDING

NEWS RELEASE

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ANTI- PREDATORY LENDING LAW TAKES EFFECT TODAY GROUPS VOW TO KEEP PREDATORY LENDERS OUT OF NEW YORK

Starting today, New York homeowners will be protected against predatory mortgage lending as a new law passed by the state Legislature last year goes into effect. New Yorkers for Responsible Lending (NYRL), a statewide coalition of 100 consumer, senior and community groups and community financial institutions, praised the new law and vowed to continue its campaign to keep predatory lenders out of New York State.

"This new law takes New York a giant step forward in protecting people from lending abuses, especially as they refinance their mortgages," said Sarah Ludwig, Executive Director of the Neighborhood Economic Development Advocacy Project. "New York is sending a message to unscrupulous high-cost lenders that they are not welcome here, while keeping the door open for responsible lenders."

The New York law prohibits abusive practices in the high-cost or "subprime" mortgage lending market and provides strong defenses to borrowers facing foreclosure as a result of a predatory, high-cost loan. "New York State has set a strong precedent for other states seeking to both protect consumers and maintain access to credit," said Russ Haven, Legislative Counsel of the New York Public Interest Research Group. "We will closely monitor the implementation and enforcement of this law to make sure the promise of these protections is realized."

"The law prohibits some of the most abusive lending practices we've been seeing in rural, urban and suburban communities throughout the state," said Ruhi Maker, Senior Attorney with the Public Interest Law Office of Rochester. "It will now be illegal, for example, to make high-cost loans that are unaffordable to the borrower; finance credit insurance; include excessive broker compensation; and refinance a mortgage without benefit to the homeowner, a practice known as 'loan flipping.'"

"Though ideally it would be even stronger, the New York law takes a balanced approach that allows victims of predatory lending to defend their homes, but ensures that the secondary mortgage market is not disrupted," stated Pamela Sah, staff attorney at South Brooklyn Legal Services' Foreclosure Prevention Project. Last week Standard & Poors Ratings Services and Fitch Ratings stated that after the new law goes into effect, they will continue rating New York mortgage-backed securities sold on the secondary market.

The new law only applies to loans made on or after April 1, 2003. New York is one of only a handful of states, including North Carolina, Georgia and California, to have passed anti-predatory lending laws. NYRL urges borrowers or homeowners who have high cost loans and are at risk of foreclosure to consult with a private attorney, legal services office, or HUD-certified mortgage counseling organization before signing documents.

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New Yorkers for Responsible Lending (NYRL) is a statewide coalition that promotes access to equitable lending for all New Yorkers and their communities. NYRL is committed to fighting the predatory practices of the high-cost or "subprime" home mortgage lending industry through legislation, education, and outreach. NYRL's 100 members represent community financial institutions, community-based organizations, affordable housing and first-time homebuyer groups, advocates for seniors, legal services organizations, community reinvestment and fair lending advocates, and consumer groups.