



# ***NEW YORKERS FOR RESPONSIBLE LENDING***

---

## **2011 POSITION STATEMENTS\***

☆ **Abusive Debt Collection – NYRL supports legislation that would ensure fairness in the filing of debt collection lawsuits.** Abusive debt collection practices have become a pervasive problem in NYS. The debt-buyer industry, in particular, has grown exponentially, buying debts for pennies on the dollar and aggressively pursuing lower income New Yorkers through the courts. Debt buyers file hundreds of thousands of lawsuits each year. Research has documented their systematic failure to notify New Yorkers that they are suing them, and to demonstrate their legal right to sue.

☆ **Preventing Foreclosures – NYRL supports legislation that would require lenders to document they own the loan when they file a foreclosure action.** Homeowners should be allowed to challenge a lender's ownership of the mortgage and note, at any time during the foreclosure process. Thousands of New Yorkers have lost their homes to foreclosure, even though the lenders suing them could not show they legitimately owned the loan. As the recent "robo-signing" scandal revealed, the routine filing of foreclosure lawsuits by mortgage servicers that had no right, or "standing," to sue on the loan, harms not only individuals but also the courts. Without these protections, New York homeowners will continue to risk losing their homes to lenders that do not legitimately own the loan.

☆ **Unfair and Discriminatory Use of Credit Checks by Employers – NYRL supports legislation that would prohibit employers from using credit information to make hiring and other job-related decisions.** Employers' use of credit information in the hiring process has reportedly increased, as private credit bureaus seek new markets in which to sell the information they collect. There is no evidence, however, that one's credit history is linked to job performance, and most credit reports contain erroneous information. The use of credit information in the employment context likely has a disparate impact on New Yorkers of color, and unfairly blocks people from job opportunities.

---

\* Stars indicate NYRL's 2011 Campaign Priorities.

**Payday & Other Abusive Loan Products – NYRL emphatically supports the continued prohibition of payday lending in NYS.** NYRL strongly opposes legislation that would carve out exemptions in our state usury law for short-term loans, including authorizing check cashers to make loans similar to payday loans. Similarly, NYRL supports continued prohibition of out-of-state and national banks from making payday loans in New York. Payday lending has proven to be a plague in states that permit it. New York must keep out abusive payday lending at all costs. NYRL supports small community-based financial institutions that offer emergency loans at affordable rates.

**Community Development Financial Institutions (CDFIs) – NYRL supports NYS’s allocation of funds to support CDFIs** — on-the-ground, mission-driven lenders that promote community and economic development. New York’s CDFIs include community development banks, credit unions, loan funds, and microenterprise loan funds, and provide financial products and services that help revitalize economically distressed communities.

**Mortgage Servicing Standards – NYRL supports codification of NYS’s servicing regulations.** The NYS Banking Department’s Business Conduct Rules for Mortgage Loan Servicers, which went into effect in 2010, present a strong set of standards for the mortgage servicing industry. These are only licensing rules, however, and need to be codified by statute to give them the full force of NYS law, and to give homeowners the right to sue when servicers engage in unfair practices..

**Foreclosure Prevention Services Program Funding – NYRL supports the restoration of \$15 million in state foreclosure prevention funding, to ensure that people facing foreclosure in NYS continue to have access to free, legitimate foreclosure prevention services.**

**Office of Insurance Consumer Advocate – NYRL calls on the NYS Governor to establish an independent Office of the Insurance Consumer Advocate, to ensure a level playing field for all consumers.** New Yorkers often face major obstacles when buying homeowners, auto, and other insurance. The complexity of insurance products and problematic industry practices, such as redlining and the use of credit scores to determine rates, can leave New Yorkers with few or no affordable options to meet their insurance needs. Similar to the role played by independent watchdog agencies in other states, the NYS Insurance Consumer Advocate will help ensure rates are affordable, and will use expert research and analysis to advocate for the public interest in NYS Insurance Department decisions.

**Property Insurance Data Disclosure – NYRL urges the NYS Governor to implement a data disclosure rule for residential property insurers.** The rule should require residential property insurers to publicly disclose data on the type and pricing of property insurance policies they issue, cancel, or do not renew, by census tract. NYRL is concerned about the persistence of discrimination in the property and casualty (P&C) insurance market. NYRL believes that public disclosure of property insurance underwriting and pricing will help ensure fair access to affordable, quality insurance for homeowners in low income communities and communities of color.

**Force-Placed Insurance – NYRL calls on the NYS Insurance Department and Attorney General to conduct comprehensive reviews of “force-placed” insurance, and put a stop to overcharging, kickbacks, and other unfair practices associated with the product.** Many struggling New York homeowners face increased risk of foreclosure as a result of “force-placed insurance” – exorbitantly-priced property insurance that mortgage servicers impose on homeowners when their insurance policy lapses or is cancelled. Force-placed insurance can cost homeowners many times more than standard insurance, and kickbacks to mortgage servicers and other conflicts of interest create bad incentives for servicers to impose the product on homeowners.

**Use of Credit Report Data for Insurance Purposes – NYRL urges Governor Cuomo and the state legislature to ban the use of credit report data in the underwriting and pricing of home and automobile insurance.**

**Consumer Financial Protection Bureau (CFPB) – NYRL supports a strong CFPB, to ensure that practices that led up to the current financial crisis do not recur. NYRL opposes any legislative or budgetary efforts that attempt to weaken or undercut the new agency.**

**Community Reinvestment Act – NYRL supports expansion of the CRA to cover entities such as mortgage banks, hedge funds and other types of Wall Street firms. NYRL also supports expansion of CRA oversight to include activities by affiliates of bank holding companies.** This year, the federal banking regulators are scheduled to review rulemaking around the Community Reinvestment Act (CRA), which encourages banks that take deposits to meet the credit needs of low- and-moderate-income communities, in a safe and sound manner.

## NYRL 2011 Position Statements

### **ABOUT THE COALITION:**

New Yorkers for Responsible Lending (NYRL) promotes access to fair and affordable financial services and the preservation of assets for all New Yorkers and their communities. Established in 2000, NYRL is committed to fighting abusive and discriminatory practices in the financial services industry. NYRL's 151 members represent community financial institutions, community-based organizations, affordable housing and legal services groups, and advocates for seniors, consumers, community reinvestment and fair lending.

NYRL's 2011 Policy Positions directly address the unprecedented economic challenges that New Yorkers face, and reflect NYRL members' experience working in communities across the state. For more information, please contact NYRL at [nyrl@nedap.org](mailto:nyrl@nedap.org).



***NEW YORKERS FOR RESPONSIBLE LENDING***

c/o NEDAP / 176 Grand Street, Suite 300 / New York, NY / 10013 / Tel: (212) 680-5100 / Fax: (212) 680-5104 / [nyrl@nedap.org](mailto:nyrl@nedap.org)