



NEW YORK STATE ASSEMBLY

Assemblyman Rory Lancman, 25th District, Queens
Press Release: August 26, 2008

Governor & Legislature Agree On Subprime Lending Legislation

Assemblyman Rory Lancman (D-Queens) announced the Assembly passed a bill agreed to by the Senate and governor he supported designed to address New York's subprime lending crisis and offer assistance to homeowners who are struggling to pay their mortgages (A.10817-A).

"The subprime lending crisis is crippling communities across the state and devastating families," Assemblyman Lancman said. "We have to ensure that homeowners who are struggling have the help they need to get back on track. We do this by protecting current and future homeowners from the very predatory lending practices that created this situation."

The 2008-09 state budget supplied \$25 million for the Assembly-created Subprime Foreclosure Prevention Services Program. The program offers grants to non-profit organizations and legal service providers to provide counseling, mediation and legal representation to victims of subprime lending facing default or foreclosure.

"The Assembly has been working to provide relief during this subprime lending crisis," Assemblyman Lancman said. "We provided money in the budget and passed a comprehensive package of bills to increase lender accountability while offering assistance to New Yorkers who are in danger of losing their homes. This builds on our commitment as well as establishes new crimes like Residential Mortgage Fraud."

To help existing homeowners, the agreement modifies the current foreclosure process by:

- Providing a 90-day pre-foreclosure notice to alert borrowers that they are in default or foreclosure and advise them that there may be help; and
- Establishing Mandatory Settlement Conferences to bring a borrower together with the party initiating the foreclosure proceeding to attempt to reach a satisfactory conclusion.

"This agreement builds on the Assembly's commitment to help struggling homeowners who are in danger of foreclosure by giving them additional time to work out financial problems with a lending institution before they lose their home," Assemblyman Lancman said.

The agreement also establishes protections for future homeowners by:

- Enacting a subprime mortgage lending statute that identifies limitations and prohibited practices for subprime home loans, requires lenders to consider borrowers' ability to repay the loan and provides remedies to borrowers who have been subjected to violations;
- Setting standards and limits for home loans by requiring brokers to act in the best interests of the borrower and prohibiting lenders or brokers from improperly influencing the outcome of a real estate appraisal;
- Requiring registration of all businesses servicing mortgage loans, requiring that the mortgage loan servicer who initiates a foreclosure is the owner and holder of the mortgage and authorizing the Superintendent of Banks to impose fines and penalties;
- Establishing the crime of residential mortgage fraud and establishing penalties for residential mortgage fraud ranging from a class A misdemeanor to class B felony; and
- Cracking down on "rescue scams" by lenders who represent themselves as being able to rescue people at the last minute who are facing foreclosure.

