Legislation Details (With Text)

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Res. No. 1458

Resolution calling upon the New York State Senate to pass S.6724-A, which would delay foreclosure proceedings throughout New York State for one year.

By Council Members de Blasio, Comrie, Dilan, Fidler, Gonzalez, James, Koppell, Mealy, Nelson, Palma, Recchia Jr., Reyna and Seabrook

Whereas, Subprime lending is often associated with predatory lending for its perceived tendency to lure unsophisticated borrowers to enter into agreements that they are incapable of honoring, thereby increasing their risk of default, seizure of collateral, and foreclosure; and

Whereas, According to the Center for Responsible Lending, the subprime mortgage market has placed 2.2 million families at risk of foreclosure, very few of whom will be able to sell or refinance their homes; and

Whereas, The Mortgage Bankers Association reported that 1.2 million properties in the United States received foreclosure notices in 2007, and that one in 33 homeowners will be in foreclosure over the next two years; and

Whereas, Foreclosure filings in 2007 represented a 75 percent increase from the previous year, and

accounted for more than 1 percent of all households in the United States in 2007; and

Whereas, Approximately 50,000 homeowners in New York City hold subprime mortgages; and

Whereas, A congressional report has found that the subprime mortgage foreclosure crisis will result in a $5.1 billion loss in housing wealth by New York State residents facing foreclosure, with an additional $4.3 billion lost by their neighbors as a result of a decline in housing values; and

Whereas, There were 3,518 properties with foreclosure filings in the New York metropolitan area in February 2008, a 116 percent increase from February 2007; and

Whereas, Foreclosures in New York City in the first quarter of 2008 increased 34 percent compared to the previous year, with Queens and Brooklyn leading the five boroughs with 2,704 and 1,915 foreclosures respectively; and

Whereas, Placing a moratorium on mortgage foreclosures would enable a borrower to remain in his or her home while renegotiating the terms of his or her mortgage with the lender; and

Whereas, There is a historical precedent for a foreclosure moratorium in New York State, such as the moratorium imposed in 1933 under the governorship of Herbert H. Lehman; and

Whereas, If passed, S.6724-A would amend the New York State real property law to mandate a one-year delay between the moment entitlement to foreclosure is determined and the moment the court order actually transfers the title; and

Whereas, Under S.6724-A, the mortgagor would still make a minimum monthly payment to the mortgagee while the two parties renegotiate the terms of the loan, with failure to do so resulting in the lifting of the moratorium; and

Whereas, S.6724-A enjoys bipartisan support in the State Senate, and its companion bill in the State Assembly has already passed; and

Whereas, A one-year foreclosure moratorium is one of many necessary steps to mitigate the effects of

the subprime mortgage foreclosure crisis in New York State; now, therefore, be it

Resolved, That the Council of the City of New York calls on the New York State Senate to pass S.6724-A, which would delay foreclosure proceedings throughout New York State for one year.

DMB
5/16/08
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