



Whereas, The Bill would also prevent high-cost home loans from financing, directly or indirectly, any credit life, credit disability, credit unemployment, or credit from property insurance, or any other life or health insurance premiums, or any payments directly or indirectly for any debt cancellation or suspension agreement or contract, except that insurance premiums or debt cancellation or suspension fees calculated and paid on a monthly basis would not be considered financed; and

Whereas, Under the Bill, no lender or mortgage broker making or arranging a high-cost home loan could engage in the unfair act or practice of "Loan Flipping", or arrange a high-cost home loan without due regard to repayment ability, based upon consideration of the resident borrower or borrower's current and expected income, current obligations, employment status, and other financial resources, and without first receiving certification from a counselor approved by the United States Department of Housing and Urban Development of the New York State Banking Department that the borrower has received counseling on the advisability of the loan transaction; and

Whereas, The Bill also states that a lender could not pay a contractor under a home improvement contract from the proceeds of a high-cost home loan other than by an instrument payable to the borrower or jointly to the borrower and the contractor, or at the election of the borrower, through a third-party escrow agent in accordance with the terms established in a written agreement signed by the borrower, the lender, and the contractor prior to the disbursement; and

Whereas, The Bill would also prevent a lender or mortgage broker from recommending or encouraging default on an existing loan or other debt prior to and in connection with the closing or planned closing of a high-cost home loan that refinances all or any portion of such existing loan or debt; and

Whereas, The Bill would also provide that in that making or arranging a high-cost home loan, no lender or mortgage broker shall accept or give any fee, kickback, thing of value, portion, split or percentage of charges, other than as payment for goods or facilities that were actually furnished or services that were actually performed, and such payment must be reasonably related to the value of the goods or facilities that were actually furnished or services that were actually performed; and

Whereas, The Bill's many provisions would clearly provide much needed protections against predatory lending practices that can financially devastate homeowners; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the Legislature and Governor of the State of New York to enact A7828A, amending the Banking, Real Property Actions and Proceedings, and General Business Laws in relation to eliminating rampant predatory lending practices.

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