



Legislation Text

File #: Res 1412-2008, **Version:** *

Res. No. 1412

Resolution calling upon the New York State Legislature to enact S.6724/A.9695, which provides an opportunity for a one-year moratorium on a mortgage foreclosure and gives at-risk homeowners a chance to work with lenders to find fair and equitable ways to restructure their loans and protect their homes.

By Council Members Brewer, Eugene, Felder, Fidler, Gentile, James, Mark-Viverito, Nelson, Palma, Recchia Jr., Sanders Jr., Weprin, Gennaro, White Jr., and Vann.

Whereas, Large numbers of Americans are now facing the threat of foreclosures due to the unaffordable mortgage loans made in the last several years; and

Whereas, According to the Center for Responsible Lending, 2.26 million families nationwide will be forced to deal with the threat of home foreclosures in the next few years because of subprime loans made primarily since 2005; and

Whereas, The foreclosure rate for the nation in September 2007 was one foreclosure filing for every 557 households and the Mortgage Bankers Association reported that 550,000 homeowners with subprime loans began a foreclosure process between 2006 and 2007; and

Whereas, According to RealtyTrac, the number of foreclosures in New York State rose 40 percent from 2007 to 2008 with 14,000 foreclosure filings registered in the State during the first three months of 2008; and

Whereas, New York City and its surrounding suburbs were the hardest-hit areas in the state and accounted for 82 percent of all foreclosures in 2007; and

Whereas, A recent report by PropertyShark.com stated that the number of new foreclosures in New York City increased 51.4 percent from the fourth quarter of 2007 to the first quarter of 2008 and 65.7 percent from a year earlier; and

Whereas, In addition, in the third quarter of 2007, there was one foreclosure filing for every 448

households in New York City with an overwhelming majority of those filings occurring in Queens, Brooklyn and the Bronx; and

Whereas, It is estimated that the subprime mortgage foreclosure crisis may lower total property values in New York State by as much as \$9.4 billion, which would be accompanied by a \$102 million statewide loss in property tax revenue; and

Whereas, Legislation pending in the State Senate, S.6724, and in the State Assembly, A.9695, seek to impose a one-year moratorium on the execution of foreclosures for certain types of mortgages in order to delay the time period from the moment the lender has proven entitlement to foreclosure, to the court order that transfers title and allows foreclosure to continue; and

Whereas, Where a mortgage foreclosure is pending, the legislation provides the court with the discretion to impose a moratorium on the foreclosure and to extend it for up to an additional year; and

Whereas, During this period the court will be able to create a temporary payment schedule in order to preserve the financial interests of both parties until the time period has elapsed and a hearing can be held or a settlement can be reached; and

Whereas, In order for a moratorium to be available to any particular homeowner, the homeowner must establish that the home is a primary residence, that he or she owns no other property, and that he or she is able to make monthly payments to the mortgagee; and

Whereas, The legislation would create an incentive for the holder of the mortgage to compromise on mortgage disputes and resolve the issues outside of the formal foreclosure process which will help in facilitating a decrease in foreclosures throughout the state; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to enact S.6724/A.9695, which provides an opportunity for a one-year moratorium on a mortgage foreclosure and gives at-risk homeowners a chance to work with lenders to find fair and equitable ways to restructure their loans and

protect their homes.

CFP
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