

MEMORANDUM IN SUPPORT

S8143 (Farley) /A10817 (Towns)

An act to amend the real property actions and proceedings law, the civil practice law and rules, the banking law, the general obligations law and the real property law, in relation to home mortgage loans; and to amend the penal law and the criminal procedure law, in relation to creating new crimes relating to mortgage fraud.

The Schuyler Center for Analysis and Advocacy (SCAA) supports S8143/A10817, a bill which addresses the mortgage foreclosure crisis in the state.

The subprime mortgage crisis has already hit New York State and is having a disproportionate effect on low-income communities of color. The impact will be devastating to whole neighborhoods and to families. We are especially concerned about the impact on children.

The resulting lack of stability from these foreclosures will have a disproportionate effect on children. First Focus just released a report, *The Impact of the Mortgage Crisis on Children*¹, in which the authors estimate that 106,000 children in New York will be impacted by foreclosures as they are forced from their homes. As a consequence, they are likely to experience increased mobility and homelessness, disruptions in education, loss of social networks, and increased behavior and health issues. Their educational attainment will suffer and their mental health and health needs will increase. We also know that during times of economic stress, reports to the State Central Register are likely to increase.

This bill contains a number of provisions that will help families in crisis and will likely reduce the number of borrowers who will lose their homes. In particular, we support the requirement that 60 days prior to the initiation of legal action with intention to foreclose a notice must be sent to the borrower providing information as to where he/she can turn to receive advice and assistance, giving both parties time to work out a solution. The mandatory settlement conference required in this bill will also help a number of borrowers keep their homes. Additionally, this bill requires mortgage brokers to work in the interests of the borrower and to make reasonable and good faith determinations as to the borrower's ability to repay the loan.

The provisions contained in this bill for early intervention and the elimination of the most abusive lending practices will greatly help a number of families avoid foreclosure. We urge your support for these responsible lending practices.

Sincerely,



Karen Schimke
President & CEO

May 28, 2008

¹ The Impact of the Mortgage Crisis on Children, Phillip Lovell & Julia Isaacs, First Focus, May, 2008