

November 17, 2009: Governor David A. Paterson and Legislative Leaders today announced passage of the Governor's Program Bill No. 46, which provides additional critical protections for New York State homeowners, tenants and neighborhoods in the wake of the ongoing foreclosure crisis. The legislation builds upon Governor Paterson's landmark subprime lending reform law enacted last year, by assisting homeowners currently at risk of foreclosure and minimizing the negative impacts that foreclosures have on communities.

The Governor's program bill expands the protections of reforms achieved in last year's law. The bill would:

- - - Require the 90-day pre-foreclosure notice currently sent for subprime loans to be expanded to include all home loans. This measure allows additional time for many more homeowners to work with their lender to find an affordable solution to prevent unnecessary foreclosures.
 - Require those lenders who serve a 90-day notice on a homeowner to within three days of that service make a regulatory filing with the Banking Department with specified information. This regulatory filing will allow the Banking Department and the Division of Housing and Community Renewal (DHCR) to provide targeted assistance to distressed homeowners during the critical pre-foreclosure timeframe and closely monitor foreclosure statistics.
 - Expand the scope of the early mandatory settlement conference to include borrowers of all home loans and not just borrowers with subprime loans.
 - Establish protections for tenants in foreclosed properties by requiring that they receive written notification of the change in ownership of the property and be permitted to remain in their home for the remainder of their lease term or 90 days, whichever is longer.
 - Require plaintiffs in a foreclosure action who obtain a judgment of foreclosure and sale to maintain the foreclosed property.
 - Prevent brokers who perform distressed property consulting services from accepting upfront fees.

Stay tuned.....Not much is known yet about the new law. Our office will provide updates on the statute, including effective dates as well as our interpretation as to how this will affect our clients as more is known

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