



NEW YORKERS FOR RESPONSIBLE LENDING

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Contacts:

David Irwin (AARP) 212-407-3718, dirwin@aarp.org

Meghan Faux (Legal Services NYC) 718-755-0701, mfaux@sbls.org

Kirsten Keefe (Empire Justice Center) 518-429-0837, kkeefe@empirejustice.org

Elise Brown (MFY Legal Services) 212-417-3753, ebrown@mfy.org

Sarah Ludwig (New Economy Project) 212-680-5100, sarah@nedap.org

Governor Urged to Take Quick Action on Bill to Help Spare NYers from Foreclosure

Statewide Coalition Says Every Day of Delay Puts 92 More Homeowners at Risk of Losing Homes; Bill Would Speed Mediation for Affordable Loan Modifications

ALBANY, N. Y. – Every day of delay in approving a bill to protect New Yorkers threatened with foreclosure could cost as many as 92 residents their homes, and a coalition of community groups and advocates is calling on Governor Andrew Cuomo to sign the measure as soon as possible.

The bill would keep homeowners from falling into a legal limbo, known as the “shadow docket,” that prevents them from reaching court-supervised mediation in foreclosure cases and creates a Catch-22 as interest and penalties mount and make mortgage modifications less affordable.

The State Legislature approved the bill ([S4530-A/A5582-A](#)), sponsored by State Senate Co-Leader Jeff Klein (D-Bronx) and Assembly Judiciary Committee Chair Helene Weinstein (D-Brooklyn), last month but it has yet to go to the governor for final approval.

New Yorkers for Responsible Lending (NYRL), a state-wide coalition of 161 groups, estimates 92 New Yorkers fall into the “shadow docket” every day.

“Governor Cuomo could provide real, concrete help to so many New Yorkers fighting to keep their homes by putting this bill at the top of his list and signing it as soon as possible,” said Beth Finkel, AARP New York State Director. “Time literally is money for nearly 100 New Yorkers every day that goes by without action.”

“We applaud the New York State legislature for passing this bill and hope it is signed into law quickly,” said Kirsten Keefe, senior staff attorney for Empire Justice Center. “This bill will not only help homeowners but it will help communities by moving foreclosures on vacant and abandoned properties along more swiftly.”

“We urge the Governor to promptly sign this common-sense bill into law as soon as possible, so that homeowners get access to the settlement conference process which is their best shot at a home-saving solution, and so that the “shadow docket” of stalled foreclosure cases does not continue to grow with each passing day,” said Jacob Inwald, Director of Foreclosure Prevention Litigation for Legal Services NYC.

“This legislation is a simple but desperately needed solution that will save homes by helping homeowners more quickly access foreclosure settlement conferences,” said Meghan Faux, Acting Director of Legal Services NYC’s Brooklyn Programs. “The law will also increase transparency in the

foreclosure process and prevent wrongful foreclosure filings that are clogging the courts and denying homeowners an opportunity to save their homes.”

“This law provides substantial relief to New York homeowners facing foreclosure without imposing any additional burden on lenders,” said Elise Brown, Deputy Director of MFY Legal Services. “It only changes the point at which banks must prove ownership of a note and mortgage, requiring lenders’ lawyers to affirm the accuracy of documents they file in foreclosure actions at the outset of a foreclosure action rather than months or years after the initial filing.”

"With a stroke of his pen, the governor can add certainty and fairness to New York's foreclosure process and save almost a hundred New Yorkers a day from joining the ranks of those consigned to a legal purgatory where they're powerless to defend the right to be in their homes," said NYPIRG Legislative Counsel Russ Haven. "Time is of the essence and the governor's swift signature on this simple legislation will undo this unjust judicial gridlock."

“By signing this bill, Governor Cuomo will provide immediate help to homeowners who are denied access to the settlement conference process,” said Joseph Kelemen, the Executive Director of the Western New York Law Center in Buffalo. “We urge the Governor to act quickly so that homeowners who are currently denied access to the courts can obtain help to save their homes.”

“The governor cannot sign this important legislation soon enough,” said Joby Thoyalil, Campaigns Organizer with New Economy Project (formerly NEDAP), based in New York City. “The new law is urgently needed to keep New Yorkers in their homes, and will help ensure basic fairness and bank accountability for people and communities throughout the state.”

The bill would close a loophole that has allowed lenders’ lawyers to avoid submitting paperwork certifying the legitimacy of the foreclosure lawsuits they file. Delays by lenders in filing required certification prevents cases from actually moving into the courts, where the two sides are required to enter court-supervised settlement conferences within 60 days of the lender filing proof of service and where homeowners also receive access to housing counseling and free legal services.

The bill requires lenders’ lawyers to submit certifications at the time they file suit. By doing so, the measure would also prevent the filing of wrongful foreclosures by lenders who don’t really own the loan.

The State Office of Court Administration, which proposed the bill along with Attorney General Eric Schneiderman, estimated last year that 25,000 New Yorkers had already fallen into the shadow docket.

New York’s foreclosure process stands at a nationally highest average of nearly three years.

NYRL members promote access to fair and affordable financial services and the preservation of assets for all New Yorkers and their communities and represent community financial institutions, community-based organizations, affordable housing and foreclosure prevention groups, advocates for seniors, legal services and labor organizations, and community reinvestment, fair lending, and consumer advocacy groups.

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