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Bill Would Set Foreclosure Moratorium

By [MANNY FERNANDEZ](#)

The Bush administration recently announced a plan to delay foreclosures for some troubled homeowners for 30 days. Senator [Hillary Rodham Clinton](#), in the race for the Democratic presidential nomination, has called for a 90-day moratorium on foreclosures.

But two state legislators have been quietly pushing for an even longer reprieve for homeowners in New York State: a one-year moratorium.

Assemblyman James F. Brennan, a Brooklyn Democrat, and State Senator Frank Padavan, a Queens Republican, have introduced a bill in both houses that would delay foreclosure proceedings throughout the state for one year.

The measure would allow residents to remain in their homes while granting them time to work with lenders to modify their mortgages.

The bill is one of the most far-reaching state proposals to address the crisis in subprime lending and foreclosures, and it recalls the long-term foreclosure moratoriums that provided relief to homeowners in the 1930s during the Great Depression.

It has been gaining momentum since its introduction in December. More than 60 Assembly members have signed on to it, Mr. Brennan said. New York Acorn, a community organizing group that boasts nearly 60,000 members statewide, has also been urging enactment of the moratorium.

If it became law, the moratorium would be the first of its kind in New York State since 1933, when state lawmakers and Gov. Herbert H. Lehman imposed a moratorium of roughly one year on foreclosure on all real estate for which interest, taxes and other charges had been paid. That moratorium was renewed annually until 1949.

“Some people say, ‘Well, that’s too crazy,’ ” said Bertha Lewis, executive director of New York Acorn, referring to the proposed one-year moratorium. “We say, ‘Look, either we are in a crisis or we’re not.’ We have to do something in New York State. This crisis is real, just like it was real in 1933 during the Depression.”

Mr. Brennan said the idea for the new legislation could be traced back to his days as a student at Brooklyn Law School, when he first learned about a 1934 [Supreme Court](#) case, Home Building and Loan Association v. Blaisdell, that upheld a Minnesota foreclosure moratorium.

“There’s nothing wrong with giving people some time to see if better arrangements can be worked out,” said

Mr. Brennan.

In a statement, Richard H. Neiman, New York's superintendent of banks, said his agency would review the proposal.

The Mortgage Bankers Association has said that suspending loan payments for a period is an effective tool in some cases, but not a long-term solution.

"Each loan is an individual transaction and situation, one which needs to be addressed individually between the lender and the borrower," John M. Robbins, then the association's chairman, said in a statement last year after civil rights groups called for a national six-month moratorium.

The bill's proponents will have to allay concerns that a one-year moratorium might make mortgage lenders less inclined to extend loans to New York home buyers, by reducing their leverage over borrowers who do not keep up with payments. But the bill has received support not only from many Democrats, but also from Mr. Padavan's fellow Republican lawmakers including State Senators James S. Alesi of the Rochester area, [Martin J. Golden](#) of Brooklyn and William J. Larkin Jr. of the Newburgh area of the Hudson Valley.

Mr. Padavan described the bill as an immediate, "common-sense solution" to the foreclosure crisis. "This is a freight train coming down the tracks," he said, "and we're just trying to slow it down so people can deal with the underlying problem."

The state's rapid pace of foreclosure filings has alarmed both elected officials and housing activists, and the call for a moratorium is one of many attempts by local, state and federal lawmakers and officials to respond to the problem.

Foreclosure filings in New York City for two-to-four-family properties have more than doubled in recent years, increasing to 8,263 in 2007 from 3,461 in 2004, according to an analysis of housing data by the Furman Center for Real Estate and Urban Policy at [New York University](#).

In the Jamaica and Hollis sections of Queens, where subprime lending has proliferated, there were 784 foreclosure filings for two-to-four-family properties in 2007, more than three times the 233 filings in 2004.

The Center for Responsible Lending, a nonprofit research group, estimates that 2.26 million families nationwide will face foreclosure on their homes in the next few years from subprime loans, made primarily since 2005. On Thursday, at a Congressional subcommittee hearing in Washington, Michael D. Calhoun, the group's president, said that in the 16th Congressional District, which includes the South Bronx, more than one in five subprime loans would end in foreclosure.

Foreclosure delays and moratoriums have been proposed in other states. Last April, Gov. [Deval Patrick](#) of Massachusetts directed state banking officials to seek foreclosure delays of up to two months from lenders. The delays were sought on a case-by-case basis for any homeowner who had filed a complaint with state banking regulators. In Michigan, a group of activists has been pressuring Gov. [Jennifer M. Granholm](#) to impose a five-year foreclosure moratorium.

New York's one-year moratorium, if passed, would not take effect on a case-by-case basis; it would be mandatory for court-ordered foreclosures. It would impose a one-year delay from the time a lender has

proved its entitlement to foreclosure to the time the court order allows the foreclosure to proceed.

The bill, which has been referred to the Judiciary Committees of the Assembly and Senate, calls for the lenders and the homeowners in foreclosure cases to work out monthly payment schedules in the interim under terms that are “equitable and just.”

The goal of a payment schedule is to preserve the financial position of both parties, and a homeowner’s failure to adhere to the terms of the payment schedule could result in a lifting of the moratorium, the bill states.

“This is not a giveaway,” Mr. Padavan said. “We’re not paying these people’s mortgages for them.”
