



Governor Proposes New Foreclosure Legislation

By: NY1 News

Governor Eliot Spitzer proposed new legislation Tuesday that would help New Yorkers at risk of losing their homes.

The proposal would require lenders to send a notice to borrowers at least 60 days before initiating legal action and to hold early settlement talks in all court action.

It would also make it easier for prosecutors to try mortgage fraud cases, prohibit prepayment penalties, and require mortgage loan services to register with the state. Plus, the bill would try to prevent homeowners from getting in over their head by making sure loans aren't extended until applicants are re-evaluated.

Spitzer says states have to enact plans like this because of the lack of federal intervention in the credit crisis.

"I don't want, as we've laid this out, anybody to think this is either a panacea or going to resolve a crisis that is of gargantuan problems across the nation. This is what we as a state can do right now," said Spitzer.

The number of homes in foreclosure more than doubled between 2004 and 2007, according to NYU's Furman Center for Real Estate and Urban Policy.

The head of the Federal Reserve says while relief efforts are in place, the mortgage crisis will likely get worse.

Ben Bernanke is suggesting that lending institutions could help, by reducing the principal on loans.

He says that would restore some equity to struggling homeowners, and might prove to be a more effective means of avoiding foreclosures.