



Queens Civic Congress

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FOR IMMEDIATE RELEASE:
TUESDAY, NOVEMBER 20, 2007

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QUEENS CIVIC CONGRESS URGES PROTECTIONS FOR HOMEOWNERS FROM FORECLOSURE RISKS

Testimony at Committees on Consumer Affairs and Housing and Building
November 20, 2007

Presented by
Sandra Atwell, President, Hollis 11423 Block Association

Thank you Chairman Comrie and Chairman Dilanfor this opportunity to testify; the Queens Civic Congress appreciates the invitation extended by you and Speaker Quinn to share our position on this important matter. My name is Sandra Atwell, President of the Hollis 11423 Block Association, one the of more than 110 neighborhood based civic organizations of Queens Civic Congress, an umbrella organization representing homeowners, co-op and condo residents, and tenants who reside in every part of Queens County. The Queens Civic Congress urges the City Council to weigh in on an essential issue of consumer fairness and equity faced by many homeowners who get preyed on by those who seek a quick and hefty profit.

The Queens Civic Congress urges the City Council to adopt Resolution. No. 1112 which supports state and federal legislation to regulate lenders and assist borrowers engaged in subprime mortgages. This hearing will help keep the pressure on Albany and Washington to take the necessary protective actions precipitated by subprime and predatory lending. In my southeast Queens community, there exists too many examples of these kind of loans. Despite the workshops and others programs in the communities, including several sponsored by Chairman Comrie or ones he organized for his predecessor, too many homeowners fall prey to these despicable practices. In too many cases, this often involves newcomers from other neighborhoods attracted to our low-density, tree-lines predominantly single-family home neighborhoods. This makes clear to the Queens Civic Congress the need to do more across the city and region, not only to protect homebuyers from those to prey upon them but to help create in new and existing homeowners a critical awareness of the financial dangers they face with these loans.

The time has certainly come to intensely scrutinize and better regulate subprime mortgage lending. This practice of granting mortgages to borrowers with poor credit histories, typically at high interest rates, knowingly puts at risk people who often lack other available financial opportunities and turn to this risky financing as a last resort.

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It remains both a matter of consumer protection and good government to intervene in deals involving unsophisticated borrowers who enter into loans that lenders clearly know the borrower lacks the financial wherewithal to honor. Less discussed but clearly an incentive to some involved in these predatory practices, the apparent growth of an industry in buying and flipping homes lost after a homeowner's default, the seizure of their collateral, and the loss of their foreclosure through foreclosure.

We would be remiss not to emphasize that the failure in sub prime mortgages that we read about and have concern about their impact on the financial market result not from the unscrupulous lending we highlighted above but from international loans, commercial development loans, and high end luxury – think McMansion – housing financing. No bailout is intended or supported for these extravagances.

The City Council's support for the needed federal and state legislation to prevent or otherwise mitigate the effects of subprime mortgage foreclosures will help propel these measures into law. In Washington, this includes S. 2133, which would provide assistance and relief to low- and moderate-income individuals who find themselves at risk of foreclosure; S. 2114, which would amend the Truth in Lending Act to provide for enhanced disclosures to borrowers and enhanced regulation of mortgage brokers; and the companion legislation for H. R. 3648, which would, under certain circumstances, exclude cancellation of mortgage debt on primary residences from gross income for the purposes of taxation. In Albany, we urge action on pending bills such as A. 8973, which would require greater transparency and education in the borrowing process; A. 8357, which would protect low-income and minority consumers from predatory lending and potential foreclosure; A. 8881, which would enact a statewide moratorium on the foreclosure of predatory subprime mortgages and establish a temporary state commission to study subprime lending practices; A. 8972-A, which would regulate the issuance of subprime and nontraditional home loans; S. 6394-A, which would enhance borrower protections for subprime loans; and S. 6454, which would amend the New York State tax law to exempt debt forgiveness resulting from mortgage foreclosure from being taxed as a part of adjusted gross income.

While individuals interested in purchasing a home need access to financial resources, government must ensure that borrowers also can access fair mortgage terms that do not place homeowners in financial harm,

Action against subprime and predatory lending does more than protect the borrower; it also protects communities. Too many foreclosed homes make a community weak and threaten its social fabric. Community stability relies on natural turnover of community residents. The impacts here are akin the the blockbusting on an earlier era - a practice strongly policed by the State in its regulation of real estate agents and brokers. Predatory practices work against stable neighborhoods and result in more frequent turnovers that work against establishing roots in a community.

Please keep up the Council's efforts fight and eradicate harmful consumer lending.

Thank you.

[The listing of Queens Civic Congress members appears on the next page]

Queens Civic Congress Members

Association of Old Forest Hills ♦ Auburndale Improvement Association ♦ Bayside Civic Database ♦ Bayside Clear-Spring Council ♦ Bayside Hills Civic Association ♦ Bayswater Civic Association ♦ Bay Terrace Community Alliance, Inc. ♦ Bellaire-BellVill Civic Association ♦ Belle Harbor Property Owners Association ♦ Bellerose Commonwealth Civic Association ♦ Bellerose Hillside Civic Association ♦ Bell Park Manor Terrace Community Council ♦ Bowne Park Civic Association ♦ Briarwood Community Association ♦ Cambria Heights Civic Association ♦ Cherry Robinson Homeowners ♦ Civic Association of Utopia Estates ♦ C.O.M.E.T. (Communities of Maspeth-Elmhurst Together) ♦ Concerned Citizens of Laurelton ♦ Cornucopia Society ♦ Creedmoor Civic Association ♦ Deerfield Area Association ♦ Doug-Bay Manor Civic Association ♦ Douglas Manor Association ♦ Douglaston Civic Association ♦ Dutch Kills Civic Assn. of Long Island City ♦ East Flushing Civic Association ♦ Federated Block Associations of Laurelton ♦ Federation of Civic Associations of Southeast Queens ♦ Floral Park Community Council ♦ Flushing Heights Civic Association ♦ Flushing on the Hill Taxpayers Association ♦ Forest Hills Chamber of Commerce ♦ Forest Hills Crescents Association ♦ Forest Hills-Van Court Association ♦ Fresh Meadows Homeowners Association ♦ Georgetown Mews ♦ Glendale Civic Association of Queens ♦ Glen Oaks Village Owners, Inc. ♦ Greater Astoria Historical Society ♦ Greater Whitestone Taxpayers Civic Association ♦ Harding Heights Civic Association ♦ Hillcrest Estates Civic Association ♦ Hilltop Village Co-Op #1 ♦ Hilltop Village Co-Op #2 ♦ Hilltop Village Co-Op #3 ♦ Hilltop Village Co-Op #4 ♦ Hollis 11423 Block Association ♦ Hollis Hills Civic Association ♦ Holliswood Civic Association ♦ Hollis Park Gardens Civic Association ♦ Holly Civic Association ♦ Hyde Park Gardens Cooperative ♦ Jackson Heights Beautification Group ♦ Jamaica Estates Association ♦ Jamaica Hill Community Association ♦ Juniper Park Civic Association ♦ Kew Gardens Civic Association ♦ Kew Gardens Hills Homeowners Association ♦ Kissena Park Civic Association ♦ Little Neck Bay Civic Association ♦ Little Neck Pines ♦ Long Island City Alliance ♦ Malba Civic Association ♦ Meadowlark Gardens Owners ♦ Middle Village Property Owners Association ♦ Mitchell Linden Civic Association ♦ Neponsit Property Owners Association ♦ Newtown Civic Association ♦ North Bellerose Civic Association ♦ North Flushing Civic Association ♦ North Hills Estates Civic Association ♦ Northwest Clearview Homeowners Association ♦ Norwood Civic Association ♦ Oakland Terrace/ Gardens Community Council ♦ Off Broadway Homeowners Association ♦ Our Neighborhood Improvement Association ♦ Parkway Village Historical Society ♦ Queensboro Hill Neighborhood Association ♦ Queens Colony Civic Association ♦ Queens Community Civic Corp. ♦ Queens Village Civic Association ♦ Ramblersville-Hawtree Civic Association ♦ Richmond Hill Historical Society ♦ Ridgewood Property Owners and Civic Association ♦ Rockaway Park Homeowners/Residents ♦ Rocky Hill Civic Association ♦ Rosedale Civic Association ♦ Royal Ranch Association. ♦ Southeast Queens Concerned Neighbors ♦ South Ozone Park West Civic Association ♦ Springfield/Rosedale Community Action Association ♦ Station Road Civic Assoc. of Auburndale ♦ Sunnyside Gardens/Harrison Place Homeowners ♦ Surrey Estates Civic Association ♦ Union Turnpike Merchants Association ♦ United Forties Civic Association ♦ United Neighbors Civic Association ♦ Waldheim Neighborhood Association ♦ Wayanda Civic Association ♦ West Cunningham Park Civic Association ♦ Westmoreland Association ♦ Woodside Community Council