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By Jay Romano

A New Law May Hurt More Than It Helps

NEW YORK STATE'S Home Equity Theft Prevention Act, which took effect on Feb. 1, is meant to protect homeowners who have defaulted on their mortgages from predators intent on bilking them out of their property. But lawyers and title insurers say the law may have some unintended consequences ...

... Adam Leitman Bailey, a Manhattan real estate lawyer, said anyone who buys from a seller in default and uses the house as a principal residence is exempt from the law; so are third parties who buy from "equity purchasers" who bought from the original owner, provided they did not know that the owner had been in default. Also exempt are immediate family members and purchasers in court-ordered sales.