

Tompkins County Legislature

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April 27, 2011

Hon. Andrew M. Cuomo, Governor
State Capitol
Albany, New York 12224

Dear Governor Cuomo:

The Tompkins County Workgroup on Assessment and Land Valuation, which I Chair, has been working with mortgage lenders and attorneys to determine potential economic impacts related to gas drilling in New York State. We would appreciate information about how New York State has examined the real estate market impact of this proposed activity.

Our banks and lending institutions note potential severe negative effects on their ability to sell residential loans on the secondary market under the setbacks proposed in the dsGEIS. (New York State proposes 100' - 150'; Fannie Mae regulations require 200' setbacks; FHA requires 300'.)

As outlined in the attached document, our mortgage lenders also have concerns about title insurance, which could be voided due to change from residential to commercial use, and appraisal. In addition, they have been unable to obtain complete lease information to process mortgage requests and they propose a possible solution.

While jurisdiction for gas drilling regulation rests with the New York Department of Environmental Conservation, we are trying to determine whether points raised on the attached are being examined by the Economic Development team, offices in the Banking or Real Property departments, SONYMA (which follows the relevant Fannie Mae and Freddie Mac standards), Homes and Community Renewal, and/or by FHA officials to verify that this is indeed an issue, before the final parameters will be set.

This is not hypothetical; our lenders are already seeing an impact on their ability to do business. The seeming failure of New York State to understand and address the implications of the proposed requirements on the mortgage lending market calls into question the conclusion that gas drilling will bring economic benefits to upstate New York.

We request information about which of these agencies have been asked to coordinate with the New York Department of Environmental Conservation. We would appreciate receiving copies of any reports or memos containing their recommendations and information about whether and how these issues will be resolved.

Thank you.

Sincerely,

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Attachment: "Gas and Oil Leases as they relate to Residential Lending," by Greg May, VP for Residential Lending at Tompkins Trust Company

cc: Robert J. Duffy, Lieutenant Governor, New York State
Joseph Martens, Commissioner, Department of Environmental Conservation
Darryl C. Towns, Commissioner, Division of Homes and Community Renewal
Thomas H Mattox, Commissioner, Department of Taxation and Finance
Richard H. Neiman, Superintendent of Banks

