

STATE OF NEW YORK

551

2017-2018 Regular Sessions

IN SENATE

(Prefiled)

January 4, 2017

Introduced by Sen. YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the real property law, in relation to establishing requirements for land contracts

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The real property law is amended by adding a new section
2 246-a to read as follows:

3 § 246-a. Requirements for land contracts. 1. Definition. For the
4 purposes of this section, "land contract" means any written agreement
5 executed between a buyer and seller of residential real property or a
6 parcel of real property for residential use, by installment payments,
7 with a deposit of one thousand dollars or more, and a term of ninety
8 days or more, pursuant to which such buyer is responsible for all
9 repairs upon the real property and will be granted title to the real
10 property upon the full payment of the stated purchase price. Such term
11 shall not include a mortgage pursuant to which the seller executes and
12 records a deed to the real property upon the buyer's execution and
13 recording of a mortgage upon the real property; nor shall such term
14 include a lease of real property pursuant to which the lessor is obli-
15 gated to make repairs and pay real property taxes upon such property
16 until the lessee tenders the stated purchase price.

17 2. Disclosure notice. Not less than ten days prior to the execution of
18 a land contract, the seller shall provide to the buyer a written notice
19 delivered by certified mail. Such notice shall be entitled "Land
20 Contract-Consumer Caution and Counseling Notice" and shall include the
21 following notices:

22 (a) "You can lose this property if you fail to make the payments and
23 meet the other requirements of the land contract.";

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 (b) "You can lose this property if the seller of this property loses
2 title to this property due to the foreclosure of an existing mortgage or
3 other lien, or other legal actions which may be brought against the
4 seller by creditors or others.";

5 (c) "You can lose this property if other persons have a legal interest
6 or claim against the property.";

7 (d) "Under the terms of this contract you are responsible for repairs
8 to this property and therefore you should have the property adequately
9 inspected before entering into this contract.";

10 (e) The name and addresses of the holders of any mortgages on the
11 property whose consent is required before the property can be sold;

12 (f) The existence of any mortgages or liens of record on the property;
13 and

14 (g) The unpaid property taxes or assessments on such property, if any.

15 3. Mandatory provisions. Every land contract shall provide:

16 (a) that if the seller is to provide the buyer with escrow payments,
17 the seller must maintain the escrow funds in a separate account and
18 provide the buyer with an annualized accounting and proof of taxes paid;

19 (b) that if the seller does not record the land contract within five
20 days of the execution of such contract, the buyer shall be granted a
21 right of recovery against the seller for all payments made under the
22 land contract;

23 (c) that the buyer must be provided with a copy of the receipt for
24 filing the land contract with the county clerk; and

25 (d) that the seller must provide the buyer with written receipts for
26 any payments made under the land contract, including down payments.

27 4. Recording requirement. Within five business days after the
28 execution of a land contract, such contract shall be recorded by the
29 seller in the county clerk's office in the county in which the real
30 property is located. The seller shall provide the buyer with a copy of
31 the receipt issued for such recording.

32 5. Prohibited terms. No land contract shall contain the following:

33 (a) a provision which imposes excessive late fees;

34 (b) a provision in which the buyer consents to his or her removal from
35 the contract by the buyer without the option of judicial intervention or
36 a provision in which the buyer automatically consents to summary
37 proceedings by the seller;

38 (c) a provision in which the buyer forfeits equity in the event of
39 default; or

40 (d) a provision which waives any of the provisions of this section.

41 6. Enforcement. The attorney general may commence an action in the
42 name of the people of the state of New York to enforce the terms of this
43 section. A court may grant injunctive, declaratory or other equitable
44 relief in any such action brought to enforce the provisions of this
45 section.

46 § 2. This act shall take effect on the one hundred twentieth day after
47 it shall have become a law.