STATE OF NEW YORK

4582

2025-2026 Regular Sessions

IN ASSEMBLY

February 4, 2025

Introduced by M. of A. CUNNINGHAM -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, in relation to prohibiting bank investments in bad faith landlords

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

Section 1. The banking law is amended by adding a new section 13 to read as follows:

§ 13. Investments in bad faith landlords by state chartered banking institutions. 1. No state chartered banking institution shall provide financing for or invest in the stocks, securities, or other obligations of any person, institution, company, or subsidiary engaged in the business of leasing residential real estate that has:

(a) Been convicted of engaging in illegal conduct against a tenant, including (i) harassment, (ii) coercion, or (iii) fraud;

(b) Been convicted of fraudulent refinancing of loans, tax fraud, embezzlement, or other fraud or theft related to financial management; or

(c) Entered into a consent decree with the office of the attorney general in settlement of a lawsuit regarding unfair or deceptive practices against a tenant, that (i) establishes a tenant restitution fund, pursuant to subdivision twelve of section sixty-three of the executive law, with total contributions in excess of one million dollars, (ii) results in an independent property management company acquiring the primary management responsibilities of any of the respondent's properties, or (iii) requires a monitor to engage in the review of the respondent's compliance with the policies and provisions of such a decree.

2. For purposes of this section:

(a) "State chartered banking institution" shall have the same meaning as defined in subdivision one of section twelve-a of this article;

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

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(b) "Consent decree" shall mean an agreement between the parties in an action to resolve the action, which is entered, approved, and ordered by a court;

(c) "Tenant restitution fund" shall mean a fund, trust, or account in which money is deposited for the benefit of potential claimants who qualify for restitutions under the court action that led to the creation of the tenant restitution fund and the office of the attorney general shall have oversight of the fund and be responsible for making distributions to claimants;

(d) "Property management company" shall mean a company that is not owned by a party to the consent decree that is qualified to manage the properties that are subject to a consent decree; and

(e) "Monitor" shall mean an individual who has been approved by the office of the attorney general to review and report on whether the other party to the consent decree and/or the property management company comply with the policies and provisions of the consent decree.

§ 2. This act shall take effect immediately and shall apply to all contracts entered into, renewed, modified or amended on or after such effective date.