S T A T E O F N E W Y O R K

3314

2009-2010 Regular Sessions

I N S E N A T E

March 16, 2009

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

AN ACT to amend the banking law, in relation to requiring the use of plain language in the description of checking account procedures and processes

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 9-v to read as follows:

S 9-V. REQUIREMENTS FOR USE OF PLAIN LANGUAGE IN CERTAIN BANK ACCOUNT LITERATURE. 1. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER OR LAW TO THE CONTRARY, THE TERM "BANKING INSTITUTION" WHEN USED IN THIS SECTION SHALL MEAN AND INCLUDE ALL BANKS, TRUST COMPANIES, SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS, CREDIT UNIONS, MORTGAGE BANKERS, EXEMPT ORGANIZATIONS AS DEFINED IN ARTICLE TWELVE-D OF THIS CHAPTER AND FOREIGN BANKING CORPORATIONS WHETHER INCORPORATED, CHARTERED, ORGANIZED OR LICENSED UNDER THE LAWS OF THIS STATE OR ANY OTHER STATE OF THE UNITED STATES.

2. ANY BANKING INSTITUTION AND ANY OTHER FINANCIAL INSTITUTION WHICH OFFERS CONSUMER ACCOUNTS, MEANING ACCOUNTS ESTABLISHED BY NATURAL PERSONS PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES, WHICH CAN BE ACCESSED BY CHECK, NEGOTIABLE ORDER OF WITHDRAWAL, OR OTHER SIMILAR WRITTEN INSTRUMENT, SHALL DISTRIBUTE TO EVERY CUSTOMER OPENING SUCH AN ACCOUNT AN INFORMATIONAL LEAFLET DESCRIBING ALL PROCEDURES AND PROCESSES INVOLVED WITH SUCH ACCOUNT. SUCH LEAFLET SHALL CONTAIN INFORMATION REGARDING TERMS AND CONDITIONS OF SUCH ACCOUNT INCLUDING, BUT NOT LIMITED TO, THE RATE OF INTEREST THEREON, IF ANY; HOW AND WHEN INTEREST IS CREDITED; CONDITIONS UNDER WHICH THAT RATE OF INTEREST IS SUBJECT TO CHANGE; MINIMUM BALANCE REQUIREMENTS NEEDED TO RECEIVE INTEREST; MINIMUM BALANCE NEEDED TO BE MAINTAINED TO AVOID A SERVICE CHARGE; ANY CHECK CHARGES, OVERDRAFT PROTECTION AND PENALTIES, CHECK PRINTING FEES; ANY

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

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MINIMUM TIME AN ACCOUNT MUST BE MAINTAINED BEFORE A PERSON CAN CLOSE THE ACCOUNT WITHOUT BEING CHARGED ANY FEES; AND ANY OTHER FEES RELATED TO THE USE OF SUCH ACCOUNTS. SUCH INFORMATIONAL LEAFLET SHALL BE WRITTEN IN A CLEAR AND COHERENT MANNER USING WORDS WITH COMMON AND EVERYDAY MEANINGS AND SHALL BE APPROPRIATELY DIVIDED AND CAPTIONED BY ITS VARIOUS SECTIONS. SUCH INFORMATIONAL LEAFLETS SHALL BE MADE AVAILABLE TO THE PUBLIC AND DISPLAYED FOR PUBLIC INSPECTION IN EVERY BANKING INSTITUTION WHICH OFFERS SUCH ACCOUNTS.

S 2. This act shall take effect on the thirtieth day after it shall have become a law.