

1430

2009-2010 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 7, 2009

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

AN ACT to amend the banking law, in relation to requiring mortgage
investing institutions to provide notice when personal mortgage insur-
ance is no longer required

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-
BLY, DO ENACT AS FOLLOWS:

1 Section 1. The banking law is amended by adding a new section 6-n to
2 read as follows:
3 S 6-N. PERSONAL MORTGAGE INSURANCE. 1. DEFINITIONS. AS USED IN THIS
4 SECTION:
5 (A) "MORTGAGE INVESTING INSTITUTION" MEANS ANY BANK, TRUST COMPANY,
6 NATIONAL BANK, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, FEDERAL
7 SAVINGS BANK, FEDERAL SAVINGS AND LOAN ASSOCIATION, PRIVATE BANKER,
8 CREDIT UNION, FEDERAL CREDIT UNION, INVESTMENT COMPANY, PENSION FUND,
9 LICENSED MORTGAGE BANKER OR ANY OTHER ENTITY WHICH REQUIRES A MORTGAGOR
10 TO MAINTAIN PERSONAL MORTGAGE INSURANCE.
11 (B) "MORTGAGOR" MEANS A PERSON OR PERSONS HAVING TITLE TO AND OCCUPY-
12 ING A ONE TO FOUR FAMILY RESIDENCE LOCATED IN THIS STATE AND WHICH IS
13 SUBJECT TO A MORTGAGE.
14 (C) "PERSONAL MORTGAGE INSURANCE" MEANS A POLICY OF INSURANCE, THE
15 PREMIUMS FOR WHICH ARE PAID BY A MORTGAGOR, WHICH PROVIDES COVERAGE FOR
16 THE DIFFERENCE BETWEEN THE PRINCIPAL OWED ON A MORTGAGE AND THE AMOUNT
17 WHICH WOULD BE DERIVED AT A FORECLOSURE SALE OF THE REAL PROPERTY
18 SUBJECT TO SUCH MORTGAGE.
19 2. NOTICE. EVERY MORTGAGE INVESTING INSTITUTION SHALL PROVIDE WRITTEN
20 NOTICE TO A MORTGAGOR WHEN SUCH MORTGAGOR IS NO LONGER REQUIRED TO MAIN-
21 TAIN PERSONAL MORTGAGE INSURANCE COVERAGE. SUCH NOTICE SHALL BE DELIV-
22 ERED TO THE MORTGAGOR WITHIN THIRTY DAYS OF THE DATE UPON WHICH THE
23 MORTGAGOR SHALL HAVE ACQUIRED SUFFICIENT EQUITY IN THE REAL PROPERTY

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

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1 SUBJECT TO THE MORTGAGE SO AS TO ELIMINATE THE NECESSITY FOR PERSONAL
2 MORTGAGE INSURANCE COVERAGE.
3 S 2. This act shall take effect on the thirtieth day after it shall
4 have become a law.