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

2096

2009-2010 Regular Sessions

I N A S S E M B L Y

January 15, 2009

Introduced by M. of A. SCHROEDER, PEOPLES, FINCH, DelMONTE, MAISEL, MARKEY, FIELDS -- Multi-Sponsored by -- M. of A. COLTON, GABRYSZAK, GIGLIO, HAWLEY, JOHN, McKEVITT, J. RIVERA -- read once and referred to the Committee on Judiciary

AN ACT to amend the real property law, in relation to prohibiting mortgagees from requiring mortgagors of certain real property to purchase flood insurance exceeding the amount required by federal law

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

Section 1. The real property law is amended by adding a new section 282 to read as follows:

S 282. LIMITS TO COMPULSORY FLOOD INSURANCE. 1. NO MORTGAGEE, SHALL REQUIRE A MORTGAGOR TO WHOM THE MORTGAGEE, MAKES, INCREASES, EXTENDS, OR RENEWS ANY LOAN SECURED BY IMPROVED REAL PROPERTY OR A MOBILE HOME LOCATED OR TO BE LOCATED IN AN AREA THAT HAS BEEN IDENTIFIED BY THE DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY AS AN AREA HAVING SPECIAL FLOOD HAZARDS AND IN WHICH FLOOD INSURANCE HAS BEEN MADE AVAILABLE UNDER THE NATIONAL FLOOD INSURANCE ACT TO PURCHASE MORE COVERAGE THAN THE MINIMUM AMOUNT OF COVERAGE REQUIRED BY THE NATIONAL FLOOD INSURANCE ACT, THAT IS, AN AMOUNT EQUAL TO THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN OR THE MAXIMUM LIMIT OF COVERAGE MADE AVAILABLE UNDER THE NATIONAL FLOOD INSURANCE ACT, WHICHEVER IS LESS.

2. NO MORTGAGEE SHALL DENY A LOAN TO A MORTGAGOR OR PROSPECTIVE MORTGAGOR OF ANY LOAN SECURED BY IMPROVED REAL PROPERTY OR A MOBILE HOME LOCATED OR TO BE LOCATED IN AN AREA THAT HAS BEEN IDENTIFIED BY THE DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY AS AN AREA HAVING SPECIAL FLOOD HAZARDS AND IN WHICH FLOOD INSURANCE HAS BEEN MADE AVAILABLE UNDER THE NATIONAL FLOOD INSURANCE ACT, ON THE BASIS THAT THE MORTGAGOR DECLINES TO PURCHASE FLOOD INSURANCE COVERAGE IN EXCESS OF AN AMOUNT EQUAL TO THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN OR THE

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

LBD03195-01-9

MAXIMUM LIMIT OF COVERAGE MADE AVAILABLE UNDER THE NATIONAL FLOOD INSURANCE ACT, WHICHEVER IS LESS.

3. ANY MORTGAGEE FOUND TO HAVE REQUIRED A MORTGAGOR TO PURCHASE FLOOD INSURANCE IN EXCESS OF AN AMOUNT EQUAL TO THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN OR THE MAXIMUM LIMIT OF COVERAGE MADE AVAILABLE UNDER THE NATIONAL FLOOD INSURANCE ACT, WHICHEVER IS LESS, SHALL BE PENALIZED BY A FINE NOT TO EXCEED TEN THOUSAND DOLLARS FOR THE FIRST VIOLATION, AND NOT TO EXCEED TWENTY THOUSAND DOLLARS FOR ANY SUBSEQUENT VIOLATION.

4. ANY MORTGAGEE FOUND TO HAVE DENIED A PROSPECTIVE MORTGAGOR A LOAN SECURED BY IMPROVED REAL PROPERTY OR A MOBILE HOME ON THE BASIS OF THE MORTGAGOR'S FAILURE TO PURCHASE FLOOD INSURANCE IN EXCESS OF AN AMOUNT EQUAL TO THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN OR THE MAXIMUM LIMIT OF COVERAGE MADE AVAILABLE UNDER THE NATIONAL FLOOD INSURANCE ACT, WHICHEVER IS LESS, SHALL BE PENALIZED BY A FINE NOT TO EXCEED TEN THOUSAND DOLLARS FOR THE FIRST VIOLATION, AND NOT TO EXCEED TWENTY THOUSAND DOLLARS FOR ANY SUBSEQUENT VIOLATION.

S 2. This act shall take effect immediately.