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

8653

2009-2010 Regular Sessions

I N A S S E M B L Y

June 2, 2009

Introduced by M. of A. JORDAN, RAIA, SAYWARD, CORWIN, SCOZZAFAVA, SALADINO, WALKER, BURLING -- Multi-Sponsored by -- M. of A. BACALLES, BARCLAY, CALHOUN, CROUCH, McKEVITT, MOLINARO, OAKS, TEDISCO, THIELE, TOWNSEND, WEISENBERG -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, the private housing finance law and the public authorities law, in relation to providing certain tax credits and financial assistance for home ownership for certain veterans

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

Section 1. This act shall be known and may be cited as the "New York homes for heroes act".

S 2. Section 606 of the tax law is amended by adding a new subsection (qq) to read as follows:

(QQ) CREDIT FOR CERTAIN FEES PAID TO THE FEDERAL HOME LOAN MORTGAGE CORPORATION. (1) AN ELIGIBLE TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE. THE AMOUNT OF SUCH CREDIT SHALL BE EQUAL TO THE THREE-QUARTERS OF ONE PERCENT DIFFERENCE BETWEEN FEES CHARGED TO VETERANS OF THE NATIONAL GUARD OR ARMED FORCES RESERVES AND THE SAME FEES CHARGED TO ELIGIBLE ACTIVE DUTY VETERANS, UNDER LOAN OR LOAN GUARANTEE PROGRAMS ADMINISTERED OR FUNDED BY THE FEDERAL HOME LOAN MORTGAGE CORPORATION.

(2) FOR THE PURPOSES OF THIS SECTION, AN "ELIGIBLE TAXPAYER" SHALL BE A VETERAN OF THE NEW YORK NATIONAL GUARD OR MILITARY RESERVE.

(3) FOR THE PURPOSES OF THIS SUBSECTION, "VETERAN" SHALL MEAN A PERSON WHO SERVED IN THE ACTIVE MILITARY, NAVAL, OR AIR SERVICE DURING A PERIOD OF WAR, OR WHO WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY MEDAL, NAVY EXPEDITIONARY MEDAL, MARINE CORPS EXPEDITIONARY MEDAL, OR GLOBAL WAR ON TERRORISM EXPEDITIONARY MEDAL, AND WHO WAS DISCHARGED OR RELEASED THEREFROM UNDER HONORABLE CONDITIONS.

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

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(4) FOR THE PURPOSES OF THIS SUBSECTION, "SERVICE DURING TIME OF WAR" SHALL MEAN:

(A) THE INDIVIDUAL IN QUESTION WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY MEDAL, THE NAVY EXPEDITIONARY MEDAL OR THE MARINE CORPS EXPEDITIONARY MEDAL FOR PARTICIPATION IN OPERATIONS IN LEBANON FROM JUNE FIRST, NINETEEN HUNDRED EIGHTY-THREE TO DECEMBER FIRST, NINETEEN HUNDRED EIGHTY-SEVEN, IN GRENADA FROM OCTOBER TWENTY-THIRD, NINETEEN HUNDRED EIGHTY-THREE TO NOVEMBER TWENTY-FIRST, NINETEEN HUNDRED EIGHTY-THREE, OR IN PANAMA FROM DECEMBER TWENTIETH, NINETEEN HUNDRED EIGHTY-NINE TO JANUARY THIRTY-FIRST, NINETEEN HUNDRED NINETY; OR

(B) THE INDIVIDUAL SERVED ON ACTIVE DUTY FOR NINETY DAYS OR MORE IN THE ARMED FORCES OF THE UNITED STATES DURING ANY ONE OF THE FOLLOWING WARS OR HOSTILITIES:

(I) IN THE SPANISH-AMERICAN WAR FROM THE TWENTY-FIRST DAY OF APRIL, EIGHTEEN HUNDRED NINETY-EIGHT TO THE ELEVENTH DAY OF APRIL, EIGHTEEN HUNDRED NINETY-NINE, INCLUSIVE;

(II) IN THE PHILIPPINE INSURRECTION OR THE CHINA RELIEF EXPEDITION FROM THE ELEVENTH DAY OF APRIL, EIGHTEEN HUNDRED NINETY-NINE TO THE FOURTH DAY OF JULY, NINETEEN HUNDRED TWO, INCLUSIVE;

(III) IN THE MEXICAN BORDER CAMPAIGN FROM THE NINTH DAY OF MAY, NINETEEN HUNDRED SIXTEEN TO THE FIFTH DAY OF APRIL, NINETEEN HUNDRED SEVENTEEN, INCLUSIVE;

(IV) IN WORLD WAR I FROM THE SIXTH DAY OF APRIL, NINETEEN HUNDRED SEVENTEEN TO THE ELEVENTH DAY OF NOVEMBER, NINETEEN HUNDRED EIGHTEEN, INCLUSIVE;

(V) IN WORLD WAR II FROM THE SEVENTH DAY OF DECEMBER, NINETEEN HUNDRED FORTY-ONE TO THE THIRTY-FIRST DAY OF DECEMBER, NINETEEN HUNDRED FORTY-SIX, INCLUSIVE;

(VI) IN THE KOREAN HOSTILITIES FROM THE TWENTY-SEVENTH DAY OF JUNE, NINETEEN HUNDRED FIFTY TO THE THIRTY-FIRST DAY OF JANUARY, NINETEEN HUNDRED FIFTY-FIVE, INCLUSIVE;

(VII) IN THE VIETNAM CONFLICT FROM THE TWENTY-SECOND DAY OF DECEMBER, NINETEEN HUNDRED SIXTY-ONE TO THE SEVENTH DAY OF MAY, NINETEEN HUNDRED SEVENTY-FIVE; OR

(VIII) IN THE PERSIAN GULF CONFLICT FROM THE SECOND DAY OF AUGUST, NINETEEN HUNDRED NINETY TO THE END OF SUCH CONFLICT.

S 3. Paragraph (a) of subdivision 3 of section 1112 of the private housing finance law, as amended by chapter 898 of the laws of 1986, is amended to read as follows:

(a) Serve the lowest income households in the applicable region and is designed to continue to be affordable to such households for a substantial period of time OR SERVE HOUSEHOLDS IN WHICH THE HOME BUYER IS A SERVICE RELATED DISABLED VETERAN.

FOR PURPOSES OF THIS SECTION, "SERVICE RELATED DISABLED VETERAN" SHALL MEAN A PERSON WHO: (I) SERVED IN THE ACTIVE MILITARY, NAVAL, OR AIR SERVICE DURING A TIME OF WAR AS DEFINED IN THIS PARAGRAPH, OR WHO WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY MEDAL, NAVY EXPEDITIONARY MEDAL, MARINE CORPS EXPEDITIONARY MEDAL, OR GLOBAL WAR ON TERRORISM EXPEDITIONARY MEDAL, AND WHO WAS DISCHARGED OR RELEASED THEREFROM UNDER HONORABLE CONDITIONS, OR (II) HAS BEEN AWARDED A DISABILITY RATING OF FORTY PERCENT OR HIGHER FROM THE FEDERAL VETERAN'S ADMINISTRATION OR FROM THE UNITED STATES DEPARTMENT OF DEFENSE, WHERE THAT DISABILITY WAS INCURRED IN THE LINE OF DUTY IN THE ACTIVE MILITARY, NAVAL OR AIR SERVICE, AS DOCUMENTED ACCORDING TO RULES AND REGULATIONS TO BE PROMULGATED BY THE DIVISION.

FOR THE PURPOSES OF THIS SECTION, "SERVICE DURING TIME OF WAR" SHALL MEAN THAT: (I) THE INDIVIDUAL IN QUESTION WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY MEDAL, THE NAVY EXPEDITIONARY MEDAL OR THE MARINE CORPS EXPEDITIONARY MEDAL FOR PARTICIPATION IN OPERATIONS IN LEBANON FROM JUNE FIRST, NINETEEN HUNDRED EIGHTY-THREE TO DECEMBER FIRST, NINETEEN HUNDRED EIGHTY-SEVEN, IN GRENADA FROM OCTOBER TWENTY-THIRD, NINETEEN HUNDRED EIGHTY-THREE TO NOVEMBER TWENTY-FIRST, NINETEEN HUNDRED EIGHTY-THREE, OR IN PANAMA FROM DECEMBER TWENTIETH, NINETEEN HUNDRED EIGHTY-NINE TO JANUARY THIRTY-FIRST, NINETEEN HUNDRED NINETY; OR

(II) THE INDIVIDUAL SERVED ON ACTIVE DUTY FOR NINETY DAYS OR MORE IN THE ARMED FORCES OF THE UNITED STATES DURING ANY ONE OF THE FOLLOWING WARS OR HOSTILITIES:

(1) IN THE MEXICAN BORDER CAMPAIGN FROM THE NINTH DAY OF MAY, NINETEEN HUNDRED SIXTEEN TO THE FIFTH DAY OF APRIL, NINETEEN HUNDRED SEVENTEEN, INCLUSIVE;

(2) IN WORLD WAR I FROM THE SIXTH DAY OF APRIL, NINETEEN HUNDRED SEVENTEEN TO THE ELEVENTH DAY OF NOVEMBER, NINETEEN HUNDRED EIGHTEEN, INCLUSIVE;

(3) IN WORLD WAR II FROM THE SEVENTH DAY OF DECEMBER, NINETEEN HUNDRED FORTY-ONE TO THE THIRTY-FIRST DAY OF DECEMBER, NINETEEN HUNDRED FORTY-SIX, INCLUSIVE;

(4) IN THE KOREAN HOSTILITIES FROM THE TWENTY-SEVENTH DAY OF JUNE, NINETEEN HUNDRED FIFTY TO THE THIRTY-FIRST DAY OF JANUARY, NINETEEN HUNDRED FIFTY-FIVE, INCLUSIVE;

(5) IN THE VIETNAM CONFLICT FROM THE TWENTY-SECOND DAY OF DECEMBER, NINETEEN HUNDRED SIXTY-ONE TO THE SEVENTH DAY OF MAY, NINETEEN HUNDRED SEVENTY-FIVE; OR

(6) IN THE PERSIAN GULF CONFLICT FROM THE SECOND DAY OF AUGUST, NINETEEN HUNDRED NINETY TO THE END OF SUCH CONFLICT.

S 4. The private housing finance law is amended by adding a new article 19-A to read as follows:

ARTICLE XIX-A

VETERAN'S HOME AND LAND OWNERSHIP LOAN

SECTION 1115. LEGISLATIVE PURPOSE.
1115-A. DEFINITIONS.
1115-B. CREATION OF THE "VETERAN'S HOME AND LAND OWNERSHIP LOAN FUND".
1115-C. PURPOSE AND TERMS OF LOAN.
1115-D. LOAN REPAYMENT.
1115-E. ISSUANCE OF BONDS.
1115-F. ADOPTION OF REGULATIONS.

S 1115. LEGISLATIVE PURPOSE. IT IS HEREBY FOUND AND DECLARED THAT MANY NEW YORK RESIDENTS HAVE SERVED OUR NATION HONORABLY IN THE ARMED FORCES OF THE UNITED STATES OF AMERICA, AND THAT MANY SUCH RESIDENTS HAVE SACRIFICED CONSIDERABLY DURING THEIR SERVICE. IT IS IN THE PUBLIC INTEREST BOTH TO DEMONSTRATE OUR APPRECIATION FOR THAT SERVICE BY PROVIDING STATE FINANCIAL ASSISTANCE TO SUCH VETERANS; IN ORDER TO ENCOURAGE HOME OWNERSHIP AND THE REHABILITATION OF DETERIORATING HOUSING, STABILIZE COMMUNITIES AND IMPROVE THE LOCAL TAX BASE.

S 1115-A. DEFINITIONS. FOR THE PURPOSES OF THIS ARTICLE, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

1. "PERSON" MEANS AN HONORABLY DISCHARGED VETERAN OF THE ARMED FORCES OF THE UNITED STATES OF AMERICA, OR THEIR SURVIVING UNMARRIED SPOUSE.

2. "VETERAN" MEANS A PERSON WHO SERVED IN THE ACTIVE MILITARY, NAVAL, OR AIR SERVICE DURING TIME OF WAR AS DEFINED IN SUBDIVISION THREE OF THIS SECTION, OR WHO WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY

MEDAL, NAVY EXPEDITIONARY MEDAL, MARINE CORPS EXPEDITIONARY MEDAL, OR GLOBAL WAR ON TERRORISM EXPEDITIONARY MEDAL, AND WHO WAS DISCHARGED OR RELEASED THEREFROM UNDER HONORABLE CONDITIONS.

3. "SERVICE DURING TIME OF WAR" MEANS:

(A) THE INDIVIDUAL IN QUESTION WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY MEDAL, THE NAVY EXPEDITIONARY MEDAL OR THE MARINE CORPS EXPEDITIONARY MEDAL FOR PARTICIPATION IN OPERATIONS IN LEBANON FROM JUNE FIRST, NINETEEN HUNDRED EIGHTY-THREE TO DECEMBER FIRST, NINETEEN HUNDRED EIGHTY-SEVEN, IN GRENADA FROM OCTOBER TWENTY-THIRD, NINETEEN HUNDRED EIGHTY-THREE TO NOVEMBER TWENTY-FIRST, NINETEEN HUNDRED EIGHTY-THREE, OR IN PANAMA FROM DECEMBER TWENTIETH, NINETEEN HUNDRED EIGHTY-NINE TO JANUARY THIRTY-FIRST, NINETEEN HUNDRED NINETY, OR

(B) THE INDIVIDUAL SERVED ON ACTIVE DUTY FOR NINETY DAYS OR MORE IN THE ARMED FORCES OF THE UNITED STATES DURING ANY ONE OF THE FOLLOWING WARS OR HOSTILITIES:

(I) IN WORLD WAR I FROM THE SIXTH DAY OF APRIL, NINETEEN HUNDRED SEVENTEEN TO THE ELEVENTH DAY OF NOVEMBER, NINETEEN HUNDRED EIGHTEEN, INCLUSIVE;

(II) IN WORLD WAR II FROM THE SEVENTH DAY OF DECEMBER, NINETEEN HUNDRED FORTY-ONE TO THE THIRTY-FIRST DAY OF DECEMBER, NINETEEN HUNDRED FORTY-SIX, INCLUSIVE;

(III) IN THE KOREAN HOSTILITIES FROM THE TWENTY-SEVENTH DAY OF JUNE, NINETEEN HUNDRED FIFTY TO THE THIRTY-FIRST DAY OF JANUARY, NINETEEN HUNDRED FIFTY-FIVE, INCLUSIVE;

(IV) IN THE VIETNAM CONFLICT FROM THE TWENTY-SECOND DAY OF DECEMBER, NINETEEN HUNDRED SIXTY-ONE TO THE SEVENTH DAY OF MAY, NINETEEN HUNDRED SEVENTY-FIVE; OR

(V) IN THE PERSIAN GULF CONFLICT FROM THE SECOND DAY OF AUGUST, NINETEEN HUNDRED NINETY TO THE END OF SUCH CONFLICT.

4. "AGENCY" MEANS THE NEW YORK STATE HOUSING FINANCE AGENCY CREATED BY SECTION FORTY-THREE OF THIS CHAPTER.

S 1115-B. CREATION OF THE "VETERAN'S HOME AND LAND OWNERSHIP LOAN FUND". THERE IS HEREBY ESTABLISHED A "VETERAN'S HOME AND LAND OWNERSHIP LOAN FUND". SUCH FUND SHALL BE USED TO MAKE LOANS AUTHORIZED BY THIS ARTICLE AND FOR EXPENSES INCURRED BY THE AGENCY IN THE IMPLEMENTATION OF THE PROGRAM ESTABLISHED BY THIS ARTICLE.

S 1115-C. PURPOSE AND TERMS OF LOAN. 1. THE AGENCY, ACTING ON BEHALF OF THE STATE MAY IN ITS DISCRETION, ENTER INTO A CONTRACT WITH AN ELIGIBLE PERSON TO PROVIDE A LOAN TO ASSIST IN THE PURCHASE OF A DWELLING OR THE PURCHASE AND REHABILITATION OF A DWELLING CONTAINING UP TO FOUR RESIDENTIAL UNITS, PROVIDED SUCH PERSON SHALL RESIDE IN AT LEAST ONE OF SUCH UNITS. SUCH LOAN MAY ALSO BE MADE FOR THE PURCHASE OF UNIMPROVED REAL PROPERTY WHEN SUCH PROPERTY SHALL BE USED FOR THE CONSTRUCTION OF A NEW DWELLING.

2. SUCH LOAN SHALL NOT EXCEED TWENTY PERCENT OF THE VALUE FOR THE PURCHASE OF A HOME, OR FORTY THOUSAND DOLLARS FOR THE PURCHASE OF UNIMPROVED REAL PROPERTY. SUCH VALUE SHALL BE DETERMINED FROM THE APPRAISAL, IF ANY, REQUIRED BY THE LENDING INSTITUTION GRANTING THE FIRST MORTGAGE LOAN ON SUCH DWELLING, AND IF NO SUCH APPRAISAL HAS BEEN MADE AT THE TIME THAT A CONTRACT FOR LOAN IS ENTERED INTO PURSUANT TO THIS ARTICLE, THE AGENCY SHALL CAUSE SUCH APPRAISAL TO BE MADE.

S 1115-D. LOAN REPAYMENT. 1. ANY LOAN CONTRACTED FOR PURSUANT TO THIS ARTICLE SHALL BE SECURED BY A SECOND MORTGAGE ON THE DWELLING OR UNIMPROVED REAL PROPERTY PURCHASED BY THE RECIPIENT OF SUCH LOAN IF THE RECIPIENT OF SUCH LOAN ASSIGNS, TRANSFERS OR OTHERWISE CONVEYS HIS OR HER INTEREST IN SUCH DWELLING OR CEASES TO OCCUPY SUCH DWELLING, THE

UNPAID PRINCIPAL BALANCE OF SAID SECOND MORTGAGE, TOGETHER WITH INTEREST THEREON, SHALL BECOME DUE AND PAYABLE. IF THE RECIPIENT OF ANY LOAN IS UNABLE TO REPAY THE LOAN, THE AGENCY, AT ITS DISCRETION, MAY ADJUST THE INTEREST RATE, TERMS AND CONDITIONS OF THE LOAN TO FACILITATE REPAYMENT.

2. REPAYMENT OF ANY LOAN PROVIDED IN ACCORDANCE WITH THIS ARTICLE SHALL BE SUBJECT TO AN INTEREST RATE TO BE DETERMINED IN ACCORDANCE WITH TERMS AND CONDITIONS AS THE AGENCY MAY ESTABLISH. IN NO CASE SHALL THE TERM EXCEED THE TERM OF THE FIRST MORTGAGE OBTAINED FOR THE PURPOSE OF PURCHASING SUCH DWELLING EXCEPT, IN THE CASE OF A GRADUATED PAYMENT MORTGAGE LOAN, THE TERM OF THE LOAN MADE PURSUANT TO THIS ARTICLE MAY EXCEED THE EXPECTED TERM OF SUCH MORTGAGE LOAN PROVIDED. THE TERM OF THE LOAN MADE PURSUANT TO THIS ARTICLE DOES NOT EXCEED THE LESSER OF:

(A) THE TERM INDICATED BY THE LIMITED AMORTIZATION SCHEDULE OF THE GRADUATED PAYMENT MORTGAGE LOAN; OR

(B) THIRTY YEARS. PAYMENTS BY HOMEOWNERS SHALL BE PAID TO THE AGENCY AND DEPOSITED IN THE VETERAN'S HOME AND LAND OWNERSHIP LOAN FUND.

S 1115-E. ISSUANCE OF BONDS. 1. THE AGENCY SHALL HAVE THE POWER AND IS HEREBY AUTHORIZED FROM TIME TO TIME TO ISSUE ITS NEGOTIABLE BONDS AND NOTES IN CONFORMITY WITH APPLICABLE PROVISIONS OF THE UNIFORM COMMERCIAL CODE IN SUCH PRINCIPAL AMOUNTS AS, IN THE DISCRETION OF THE AGENCY, SHALL BE NECESSARY TO CARRY OUT THE PURPOSES OF THIS ARTICLE, BUT NOT IN EXCESS OF AN AGGREGATE AMOUNT OF TWENTY MILLION DOLLARS.

2. EXCEPT AS MAY OTHERWISE BE EXPRESSLY PROVIDED BY THE AGENCY, ALL BONDS AND NOTES ISSUED SHALL BE PAYABLE OUT OF ANY MONEYS, ASSETS OR REVENUES OF THE STATE, SUBJECT ONLY TO ANY AGREEMENT WITH BONDHOLDERS OR NOTEHOLDERS PLEDGING ANY PARTICULAR MONEYS, ASSETS OR REVENUES.

3. BONDS AND NOTES SHALL BE AUTHORIZED BY A RESOLUTION OR RESOLUTIONS OF THE AGENCY ADOPTED IN THE MANNER PROVIDED BY LAW.

4. SUCH BONDS OR NOTES SHALL BEAR SUCH DATE OR DATES, SHALL MATURE AT SUCH TIME OR TIMES, SHALL BEAR INTEREST AT SUCH RATE OR RATES, SHALL BE OF SUCH DENOMINATIONS, SHALL BE IN SUCH FORM, CARRY SUCH REGISTRATION PRIVILEGES, BE EXECUTED IN SUCH MANNER, BE PAYABLE IN LAWFUL MONEY OF THE UNITED STATES OF AMERICA AT SUCH PLACE OR PLACES WITHIN OR WITHOUT THE STATE, BE SUBJECT TO SUCH TERMS OF REDEMPTION PRIOR TO MATURITY AS MAY BE PROVIDED BY SUCH RESOLUTION OR RESOLUTIONS OR SUCH CERTIFICATE WITH RESPECT TO SUCH BONDS OR NOTES, AS THE CASE MAY BE; PROVIDED, HOWEVER, THAT THE MAXIMUM MATURITY OF BONDS SHALL NOT EXCEED THIRTY YEARS FROM THE DATE THEREOF AND THE MAXIMUM MATURITY OF NOTES OR ANY RENEWALS THEREOF SHALL NOT EXCEED SEVEN YEARS FROM THE DATE OF THE ORIGINAL ISSUE OF SUCH NOTES.

5. ANY SUCH BONDS OR NOTES MAY BE SOLD AT SUCH PRICE OR PRICES, AT PUBLIC OR PRIVATE SALE, IN SUCH MANNER AND FROM TIME TO TIME AS MAY BE DETERMINED BY THE AGENCY, AND THE AGENCY MAY PAY ALL EXPENSES, PREMIUMS AND COMMISSIONS WHICH IT MAY DEEM NECESSARY OR ADVANTAGEOUS IN CONNECTION WITH THE ISSUANCE AND SALE THEREOF. NO BONDS OR NOTES MAY BE SOLD AT PRIVATE SALE, HOWEVER, UNLESS SUCH SALE AND THE TERM THEREOF HAVE BEEN APPROVED IN WRITING BY:

(A) THE COMPTROLLER, IF SUCH SALE IS NOT TO THE COMPTROLLER; OR

(B) THE STATE DIRECTOR OF THE BUDGET, IF SUCH SALE IS TO THE COMPTROLLER.

6. THE AGENCY IS AUTHORIZED TO PROVIDE FOR THE ISSUANCE OF ITS BONDS OR NOTES FOR THE PURPOSE OF REFUNDING ANY SUCH BONDS OR NOTES THEN OUTSTANDING, INCLUDING THE PAYMENT OF ANY REDEMPTION PREMIUMS THEREON AND ANY INTEREST ACCRUED OR TO ACCRUE TO THE REDEMPTION DATE NEXT SUCCEEDING THE DATE OF DELIVERY OF SUCH REFUNDING BONDS OR NOTES. THE PROCEEDS OF ANY SUCH BONDS OR NOTES ISSUED FOR THE PURPOSE OF SO REFUND-

ING OUTSTANDING BONDS OR NOTES SHALL BE FORTHWITH APPLIED TO THE PURCHASE OR RETIREMENT OF SUCH OUTSTANDING BONDS OR NOTES OR THE REDEMPTION OF SUCH OUTSTANDING BONDS OR NOTES ON THE REDEMPTION DATE NEXT SUCCEEDING THE DATE OF DELIVERY OF SUCH REFUNDING BONDS OR NOTES AND MAY, PENDING SUCH APPLICATION, BE PLACED IN ESCROW TO BE APPLIED TO SUCH PURCHASE OR RETIREMENT OR REDEMPTION ON SUCH DATE. ANY SUCH ESCROWED PROCEEDS, PENDING SUCH USE, MAY BE INVESTED AND REINVESTED ONLY IN OBLIGATIONS OF OR GUARANTEED BY THE STATE OR THE UNITED STATES OF AMERICA AND EITHER:

(A) THE YIELD FROM WHICH DOES NOT EXCEED THE AVERAGE NET INTEREST COST PER ANNUM, EXPRESSED AS A PERCENTAGE, ON SUCH REFUNDING BONDS BY MORE THAN ONE-HALF OF ONE PERCENT; OR

(B) THE INCOME FROM WHICH IS EXEMPT FROM FEDERAL TAXATION, MATURING AT SUCH TIME OR TIMES AS SHALL BE APPROPRIATE TO ASSURE THE PROMPT PAYMENT, AS TO PRINCIPAL, INTEREST AND REDEMPTION PREMIUM, IF ANY, ON THE OUTSTANDING BONDS OR NOTES TO BE SO REFUNDED BY PURCHASE, RETIREMENT OR REDEMPTION, AS THE CASE MAY BE.

THE INTEREST, INCOME AND PROFITS, IF ANY, EARNED OR REALIZED ON ANY SUCH INVESTMENT MAY ALSO BE APPLIED TO THE PAYMENT OF THE OUTSTANDING BONDS OR NOTES TO BE SO REFUNDED BY PURCHASE, RETIREMENT OR REDEMPTION, AS THE CASE MAY BE. AFTER THE TERMS OF THE ESCROW HAVE BEEN FULLY SATISFIED AND CARRIED OUT, ANY BALANCE OF SUCH PROCEEDS AND INTEREST, IF ANY, EARNED OR REALIZED ON THE INVESTMENTS THEREOF MAY BE RETURNED TO THE AGENCY FOR USE BY IT IN ANY LAWFUL MANNER. ALL SUCH BONDS OR NOTES SHALL BE ISSUED AND SECURED AND SHALL BE SUBJECT TO THE PROVISIONS OF LAW IN THE SAME MANNER AND TO THE SAME EXTENT AS ANY OTHER BONDS OR NOTES ISSUED PURSUANT TO LAW.

7. WHETHER OR NOT THE BONDS AND NOTES ARE OF SUCH FORM AND CHARACTER AS TO BE NEGOTIABLE INSTRUMENTS UNDER THE TERMS OF THE UNIFORM COMMERCIAL CODE, THE BONDS AND NOTES ARE HEREBY MADE NEGOTIABLE INSTRUMENTS WITHIN THE MEANING OF AND FOR ALL THE PURPOSES OF THE UNIFORM COMMERCIAL CODE, SUBJECT ONLY THE PROVISIONS OF THE BONDS AND NOTES FOR REGISTRATION.

8. ANY RESOLUTION OR RESOLUTIONS AUTHORIZING ANY BONDS OR NOTES PURSUANT TO THE PROVISIONS OF THIS ARTICLE MAY CONTAIN PROVISIONS WHICH MAY BE A PART OF THE CONTRACT WITH THE HOLDERS OF SUCH BONDS OR NOTES, AS TO:

(A) PLEDGING OR CREATING A LIEN, TO THE EXTENT PROVIDED BY SUCH RESOLUTION OR RESOLUTIONS, ON ALL OR ANY PART OF ANY MONEYS HELD IN TRUST OR OTHERWISE BY OTHERS FOR THE PAYMENT OF SUCH BONDS OR NOTES;

(B) THE SETTING ASIDE OF RESERVES OR SINKING FUNDS AND THE REGULATION OR DISPOSITION THEREOF;

(C) LIMITATIONS ON THE PURPOSE TO WHICH THE PROCEEDS OF SALE OF ANY ISSUE OF SUCH BONDS OR NOTES THEN OR THEREAFTER TO BE ISSUED MAY BE APPLIED;

(D) LIMITATIONS ON THE ISSUANCE OF ADDITIONAL BONDS OR NOTES, THE TERMS UPON WHICH ADDITIONAL BONDS OR NOTES MAY BE ISSUED AND SECURED, AND UPON THE REFUNDING OF OUTSTANDING OR OTHER BONDS OR NOTES;

(E) THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT WITH THE HOLDERS OF BONDS OR NOTES MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS OR NOTES THE HOLDERS OF WHICH MUST CONSENT THERETO AND THE MANNER IN WHICH SUCH CONSENT MAY BE GIVEN;

(F) PROVIDING FOR THE RIGHTS AND REMEDIES OF THE HOLDERS OF BONDS OR NOTES IN THE EVENT OF DEFAULT, PROVIDED, HOWEVER, THAT SUCH RIGHTS AND REMEDIES SHALL NOT BE INCONSISTENT WITH THE GENERAL LAWS OF THIS STATE; AND

(G) ANY OTHER MATTERS OF LIKE OR DIFFERENT CHARACTER, WHICH IN ANY WAY AFFECT THE SECURITY AND PROTECTION OF THE BONDS OR NOTES AND THE RIGHTS OF THE HOLDERS THEREOF.

S 1115-F. ADOPTION OF REGULATIONS. THE AGENCY SHALL ADOPT REGULATIONS PROVIDING FOR QUALIFICATIONS OF ELIGIBLE PERSONS, REQUIREMENTS AND LIMITATIONS AS TO ADJUSTMENTS OF TERMS AND CONDITIONS OF REPAYMENT, FUNDING PRIORITIES AND ANY ADDITIONAL REQUIREMENTS AS IT DEEMS NECESSARY TO CARRY OUT THE PURPOSES OF THIS ARTICLE.

S 5. The public authorities law is amended by adding a new section 2405-f to read as follows:

S 2405-F. PURCHASE OF VETERANS' ASSISTED FORWARD COMMITMENT MORTGAGES. (1) IN ACCORDANCE WITH THE AUTHORITY SET FORTH IN SECTION TWENTY-FOUR HUNDRED FIVE-B OF THIS PART, THE AGENCY MAY PURCHASE VETERANS' ASSISTED FORWARD COMMITMENT MORTGAGES FROM BANKS AT SUCH PRICES AND UPON SUCH TERMS AND CONDITIONS AS IT SHALL DETERMINE. IN CONDUCTING ITS PROGRAM OF PURCHASING VETERANS' ASSISTED FORWARD COMMITMENT MORTGAGES, THE AGENCY SHALL BE GOVERNED BY SECTION TWENTY-FOUR HUNDRED FIVE-B OF THIS PART. THE BOARD OF DIRECTORS OF THE AGENCY SHALL ESTABLISH FROM TIME TO TIME MAXIMUM INCOME LIMITS OF PERSONS ELIGIBLE TO RECEIVE SUCH MORTGAGES, WHICH INCOME LIMITS SHALL NOT EXCEED THE LATEST MAXIMUM INCOME LIMITS PERMITTED UNDER THE INTERNAL REVENUE CODE OF NINETEEN HUNDRED EIGHTY-SIX, AS AMENDED, FOR MORTGAGES FINANCED BY MORTGAGE REVENUE BONDS.

(2) FOR THE PURPOSES OF THIS SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(A) "VETERAN" MEANS A PERSON WHO SERVED IN THE ACTIVE MILITARY, NAVAL, OR AIR SERVICE DURING A TIME OF WAR AS DEFINED BELOW, OR WHO WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY MEDAL, NAVY EXPEDITIONARY MEDAL, MARINE CORPS EXPEDITIONARY MEDAL, OR GLOBAL WAR ON TERRORISM EXPEDITIONARY MEDAL, AND WHO WAS DISCHARGED OR RELEASED THEREFROM UNDER HONORABLE CONDITIONS.

(B) "SERVICE DURING A TIME OF WAR" MEANS: (I) THE INDIVIDUAL IN QUESTION WAS A RECIPIENT OF THE ARMED FORCES EXPEDITIONARY MEDAL, THE NAVY EXPEDITIONARY MEDAL OR THE MARINE CORPS EXPEDITIONARY MEDAL FOR PARTICIPATION IN OPERATIONS IN LEBANON FROM JUNE FIRST, NINETEEN HUNDRED EIGHTY-THREE TO DECEMBER FIRST, NINETEEN HUNDRED EIGHTY-SEVEN, IN GRENADA FROM OCTOBER TWENTY-THIRD, NINETEEN HUNDRED EIGHTY-THREE TO NOVEMBER TWENTY-FIRST, NINETEEN HUNDRED EIGHTY-THREE, OR IN PANAMA FROM DECEMBER TWENTIETH, NINETEEN HUNDRED EIGHTY-NINE TO JANUARY THIRTY-FIRST, NINETEEN HUNDRED NINETY; OR

(II) THE INDIVIDUAL SERVED ON ACTIVE DUTY FOR NINETY DAYS OR MORE IN THE ARMED FORCES OF THE UNITED STATES DURING ANY ONE OF THE FOLLOWING WARS OR HOSTILITIES:

(A) IN THE SPANISH-AMERICAN WAR FROM THE TWENTY-FIRST DAY OF APRIL, EIGHTEEN HUNDRED NINETY-EIGHT TO THE ELEVENTH DAY OF APRIL, EIGHTEEN HUNDRED NINETY-NINE, INCLUSIVE;

(B) IN THE PHILIPPINE INSURRECTION OR THE CHINA RELIEF EXPEDITION FROM THE ELEVENTH DAY OF APRIL, EIGHTEEN HUNDRED NINETY-NINE TO THE FOURTH DAY OF JULY, NINETEEN HUNDRED TWO, INCLUSIVE;

(C) IN THE MEXICAN BORDER CAMPAIGN FROM THE NINTH DAY OF MAY, NINETEEN HUNDRED SIXTEEN TO THE FIFTH DAY OF APRIL, NINETEEN HUNDRED SEVENTEEN, INCLUSIVE;

(D) IN WORLD WAR I FROM THE SIXTH DAY OF APRIL, NINETEEN HUNDRED SEVENTEEN TO THE ELEVENTH DAY OF NOVEMBER, NINETEEN HUNDRED EIGHTEEN, INCLUSIVE;

(E) IN WORLD WAR II FROM THE SEVENTH DAY OF DECEMBER, NINETEEN HUNDRED FORTY-ONE TO THE THIRTY-FIRST DAY OF DECEMBER, NINETEEN HUNDRED FORTY-SIX, INCLUSIVE;

(F) IN THE KOREAN HOSTILITIES FROM THE TWENTY-SEVENTH DAY OF JUNE, NINETEEN HUNDRED FIFTY TO THE THIRTY-FIRST DAY OF JANUARY, NINETEEN HUNDRED FIFTY-FIVE, INCLUSIVE;

(G) IN THE VIETNAM CONFLICT FROM THE TWENTY-SECOND DAY OF DECEMBER, NINETEEN HUNDRED SIXTY-ONE TO THE SEVENTH DAY OF MAY, NINETEEN HUNDRED SEVENTY-FIVE; OR

(H) IN THE PERSIAN GULF CONFLICT FROM THE SECOND DAY OF AUGUST, NINETEEN HUNDRED NINETY TO THE END OF SUCH CONFLICT.

(3) FOR ANY VETERANS' ASSISTED FORWARD COMMITMENT MORTGAGE, THE MAXIMUM LOAN-TO-VALUE RATIO SHALL BE ESTABLISHED BY THE AGENCY, PROVIDED THAT SUCH LOAN SHALL NOT EXCEED NINETY-NINE PERCENT OF THE APPRAISED VALUE OF THE MORTGAGED PREMISES.

S 6. This act shall take effect immediately; provided however, that (a) sections two and five of this act shall take effect on the ninetieth day after it shall have become a law;

(b) section three of this act shall take effect on the thirtieth day after it shall have become a law;

(c) section four of this act shall take effect on the one hundred eightieth day after it shall have become a law; and

(d) further provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized and directed to be made and completed on or before such effective date.