

1221

2009-2010 Regular Sessions

I N   S E N A T E

January 28, 2009

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Introduced by Sens. THOMPSON, ONORATO, PARKER -- read twice and ordered printed, and when printed to be committed 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:

1     Section 1. The real property law is amended by adding a new section  
2     282 to read as follows:  
3     S 282.   LIMITS TO COMPULSORY FLOOD INSURANCE. 1. NO MORTGAGEE, SHALL  
4     REQUIRE A MORTGAGOR TO WHOM THE MORTGAGEE, MAKES, INCREASES, EXTENDS, OR  
5     RENEWS ANY LOAN SECURED BY IMPROVED REAL PROPERTY OR A MOBILE HOME  
6     LOCATED OR TO BE LOCATED IN AN AREA THAT HAS BEEN IDENTIFIED BY THE  
7     DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY AS AN AREA HAVING  
8     SPECIAL FLOOD HAZARDS AND IN WHICH FLOOD INSURANCE HAS BEEN MADE AVAIL-  
9     ABLE UNDER THE NATIONAL FLOOD INSURANCE ACT TO PURCHASE MORE COVERAGE  
10    THAN THE MINIMUM AMOUNT OF COVERAGE REQUIRED BY THE NATIONAL FLOOD  
11    INSURANCE ACT, THAT IS, AN AMOUNT EQUAL TO THE OUTSTANDING PRINCIPAL  
12    BALANCE OF THE LOAN OR THE MAXIMUM LIMIT OF COVERAGE MADE AVAILABLE  
13    UNDER THE NATIONAL FLOOD INSURANCE ACT, WHICHEVER IS LESS.  
14    2. NO MORTGAGEE SHALL DENY A LOAN TO A MORTGAGOR OR PROSPECTIVE MORT-  
15    GAGOR OF ANY LOAN SECURED BY IMPROVED REAL PROPERTY OR A MOBILE HOME  
16    LOCATED OR TO BE LOCATED IN AN AREA THAT HAS BEEN IDENTIFIED BY THE  
17    DIRECTOR OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY AS AN AREA HAVING  
18    SPECIAL FLOOD HAZARDS AND IN WHICH FLOOD INSURANCE HAS BEEN MADE AVAIL-  
19    ABLE UNDER THE NATIONAL FLOOD INSURANCE ACT, ON THE BASIS THAT THE MORT-  
20    GAGOR DECLINES TO PURCHASE FLOOD INSURANCE COVERAGE IN EXCESS OF AN  
21    AMOUNT EQUAL TO THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN OR THE  
22    MAXIMUM LIMIT OF COVERAGE MADE AVAILABLE UNDER THE NATIONAL FLOOD INSUR-  
23    ANCE ACT, WHICHEVER IS LESS.

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

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

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

16       S 2. This act shall take effect immediately.