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

4236

2011-2012 Regular Sessions

I N A S S E M B L Y

February 2, 2011

Introduced by M. of A. BRENNAN, JAFFEE, HOYT, ROBINSON, ROSENTHAL, CAMARA, PERRY, P. RIVERA, SCARBOROUGH, BOYLAND, MAISEL, HOOPER, CASTRO, N. RIVERA -- Multi-Sponsored by -- M. of A. BING, BROOK-KRASNY, CAHILL, CLARK, GLICK, GOTTFRIED, HEASTIE, JACOBS, JEFFRIES, KELLNER, LUPARDO, MAGNARELLI, MAYERSOHN, MILLMAN, ORTIZ, PAULIN, PHEFFER, REILLY, J. RIVERA, TITUS, TOWNS, WEISENBERG, WRIGHT -- read once and referred to the Committee on Housing

AN ACT to amend the public authorities law, in relation to increasing the bond limit of the state of New York mortgage agency for the purpose of refinancing subprime loans at risk of foreclosure

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

Section 1. Section 2407 of the public authorities law, as amended by chapter 218 of the laws of 2010, is amended to read as follows:

S 2407. Bond limits. (1) Except for notes issued in nineteen hundred seventy and nineteen hundred seventy-one, the agency shall not issue bonds and notes, the interest on which is not included in the gross income of the holders of the bonds and notes under the United States Internal Revenue Code of 1986, as amended, or any subsequent corresponding internal revenue law of the United States, in an aggregate principal amount exceeding [nine] TWELVE billion two hundred twenty million dollars, excluding from such limitation (a) an amount equal to any original issue discount from the principal amount of any bonds or notes issued, (b) bonds and notes issued to refund outstanding bonds and notes, and (c) bonds and notes not described in paragraph (b) of this subdivision issued to refund outstanding bonds and notes in accordance with the provisions of the Internal Revenue Code of 1986 or the Tax Reform Act of 1986, as amended, where such bonds or notes are not included in the statewide volume cap on private purpose bonds under section 146 of such code provided, however, that upon any refunding pursuant to this paragraph or paragraph (b) of this subdivision, such

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

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exclusion shall apply only to the extent that the amount of the refunding bonds or notes does not exceed (i) the outstanding amount of the refunded bonds or notes, plus (ii) to the extent permitted by applicable federal tax law, costs of issuance of the refunding bonds or notes to be financed from the proceeds of the refunding bonds or notes. No such bond or note shall be issued by the agency on or after July sixteenth, two thousand eleven, excluding bonds and notes issued to refund outstanding bonds and notes. No more than five hundred million dollars of proceeds of bonds or notes issued by the agency pursuant to this subdivision shall be used for mortgage purposes by blending with proceeds of bonds issued pursuant to subdivision two of this section.

(2) In connection with the issuance of bonds for the purpose of furthering programs described in this title, the agency is authorized to covenant and consent that the interest on any of its bonds, notes or other obligations shall be includable, under the United States Internal Revenue Code of 1986, as amended or any subsequent corresponding internal revenue law of the United States, in the gross income of the holders of the bonds to the same extent and in the same manner that the interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the holders thereof under said Internal Revenue Code or any such subsequent law. Pursuant to this subdivision, the agency shall not issue bonds, notes or other obligations in an aggregate principal amount exceeding eight hundred million dollars, excluding from such limitation bonds, notes or other obligations issued to refund outstanding bonds, notes or other obligations. No such bond, note or other obligation shall be issued by the agency on or after July sixteenth, two thousand eleven, excluding bonds, notes or other obligations issued to refund outstanding bonds, notes or other obligations and no mortgages shall be purchased with the proceeds of such bonds, notes or other obligations after such date. The board of directors of the agency shall establish program guidelines for purposes of bonds, notes or other obligations issued pursuant to this subdivision. The board of directors shall establish from time to time maximum income limits of persons eligible to receive mortgages financed by bonds, notes or other obligations issued pursuant to this subdivision, which income limits with respect to one-third of the total principal amount of mortgages authorized to be so financed shall not exceed one hundred twenty-five percent of the latest maximum income limits permitted under the Internal Revenue Code of 1986, as amended, for mortgagors financed by mortgage revenue bonds, with respect to one-third of such principal amount authorized to be so financed, shall not exceed one hundred thirty-five percent of such income limits, and with respect to one-third of such principal amount authorized to be so financed, shall not exceed one hundred fifty percent of such limits.

(3) The fixing of the statutory maximums in this section shall not be construed as constituting a contract between the agency and the holders of its bonds or notes that additional bonds and notes may not be issued subsequently by the agency in the event that such statutory maximums shall subsequently be increased by law.

(4) THE THREE BILLION DOLLARS ADDED TO THE BOND CAP PURSUANT TO A CHAPTER OF THE LAWS OF TWO THOUSAND ELEVEN WHICH ADDED THIS SUBDIVISION SHALL BE USED FOR THE PURPOSES OF REFINANCING SUBPRIME MORTGAGES AT RISK OF FORECLOSURE. THE AGENCY IS HEREBY AUTHORIZED AND DIRECTED TO ESTABLISH CRITERIA FOR DEFINING THE TERM "SUBPRIME MORTGAGE" AS SUCH AGENCY DETERMINES TO BE NECESSARY.

S 2. This act shall take effect immediately.