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

6893

2011-2012 Regular Sessions

I N A S S E M B L Y

April 5, 2011

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

AN ACT to amend the banking law and the real property law, in relation to credit line mortgages

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

Section 1. Section 380-g of the banking law, as added by chapter 625 of the laws of 1976, is amended to read as follows:

S 380-g. Power to engage in line of credit financing of residential real estate. 1. A savings and loan association is authorized to invest an amount, not exceeding the lesser of (a) ten per centum of the sum of its surplus, undivided profits, and reserves or (b) one per centum of its assets, in loans or in interests therein the principal purpose of which is to provide financing with respect to what is or is expected to become primarily residential real estate within this state, where (i) the association relies substantially for repayment on the borrower's general credit standing, with or without other security, or (ii) the association relies on other assurances for repayment, including but not limited to a guaranty or similar obligation of a third party, and, in either case described in clause (i) or (ii), regardless of whether or not the association takes security.

2. A SAVINGS AND LOAN ASSOCIATION SHALL NOT HAVE THE AUTHORITY TO BLOCK ACCESS TO CREDIT LINE FUNDS BY A BORROWER OR TO OTHERWISE REVOKE THE TERMS OF A CREDIT LINE MORTGAGE WHEN A BORROWER IS CURRENT ON REPAYMENT OF SUCH INDEBTEDNESS.

S 2. Section 281 of the real property law is amended by adding a new subdivision 2-a to read as follows:

2-A. AN AUTHORIZED LENDER SHALL NOT HAVE THE AUTHORITY TO BLOCK ACCESS TO CREDIT LINE FUNDS BY A BORROWER OR TO OTHERWISE REVOKE THE TERMS OF A CREDIT LINE MORTGAGE WHEN A BORROWER IS CURRENT ON REPAYMENT OF SUCH INDEBTEDNESS.

S 3. This act shall take effect immediately.

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

LBD10441-03-1