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

3014

2011-2012 Regular Sessions

I N A S S E M B L Y

January 21, 2011

Introduced by M. of A. SCHROEDER, J. RIVERA, COOK -- Multi-Sponsored by -- M. of A. JEFFRIES -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, in relation to the right of set off

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

Section 1. Subdivisions 2 and 3 of section 9-g of the banking law, as added by chapter 10 of the laws of 1980, are amended to read as follows:

2. No banking institution shall assert, claim or exercise any right of set off against any other deposit account held by such banking institution unless, prior to [or on the same business day of] such action, notice of the set off together with the reasons for the set off are mailed to the depositor.

3. Failure to provide the notice required by this section shall [not be deemed to affect the validity] RESULT IN THE FORFEITURE of the right of set off WHICH WOULD HAVE RESULTED HAD PROPER NOTICE BEEN PROVIDED.

S 2. This act shall take effect immediately.

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

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