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

5302

2011-2012 Regular Sessions

I N A S S E M B L Y

February 15, 2011

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

AN ACT to amend the banking law, in relation to requiring mortgage investing institutions to provide notice when personal mortgage insurance is no longer required

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

Section 1. The banking law is amended by adding a new section 6-n to read as follows:

S 6-N. PERSONAL MORTGAGE INSURANCE. 1. DEFINITIONS. AS USED IN THIS SECTION:

(A) "MORTGAGE INVESTING INSTITUTION" MEANS ANY BANK, TRUST COMPANY, NATIONAL BANK, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, FEDERAL SAVINGS BANK, FEDERAL SAVINGS AND LOAN ASSOCIATION, PRIVATE BANKER, CREDIT UNION, FEDERAL CREDIT UNION, INVESTMENT COMPANY, PENSION FUND, LICENSED MORTGAGE BANKER OR ANY OTHER ENTITY WHICH REQUIRES A MORTGAGOR TO MAINTAIN PERSONAL MORTGAGE INSURANCE.

(B) "MORTGAGOR" MEANS A PERSON OR PERSONS HAVING TITLE TO AND OCCUPYING A ONE TO FOUR FAMILY RESIDENCE LOCATED IN THIS STATE AND WHICH IS SUBJECT TO A MORTGAGE.

(C) "PERSONAL MORTGAGE INSURANCE" MEANS A POLICY OF INSURANCE, THE PREMIUMS FOR WHICH ARE PAID BY A MORTGAGOR, WHICH PROVIDES COVERAGE FOR THE DIFFERENCE BETWEEN THE PRINCIPAL OWED ON A MORTGAGE AND THE AMOUNT WHICH WOULD BE DERIVED AT A FORECLOSURE SALE OF THE REAL PROPERTY SUBJECT TO SUCH MORTGAGE.

2. NOTICE. EVERY MORTGAGE INVESTING INSTITUTION SHALL PROVIDE WRITTEN NOTICE TO A MORTGAGOR WHEN SUCH MORTGAGOR IS NO LONGER REQUIRED TO MAINTAIN PERSONAL MORTGAGE INSURANCE COVERAGE. SUCH NOTICE SHALL BE DELIVERED TO THE MORTGAGOR WITHIN THIRTY DAYS OF THE DATE UPON WHICH THE MORTGAGOR SHALL HAVE ACQUIRED SUFFICIENT EQUITY IN THE REAL PROPERTY

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

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SUBJECT TO THE MORTGAGE SO AS TO ELIMINATE THE NECESSITY FOR PERSONAL MORTGAGE INSURANCE COVERAGE.

S 2. This act shall take effect on the thirtieth day after it shall have become a law.