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

7954

2011-2012 Regular Sessions

I N A S S E M B L Y

May 25, 2011

Introduced by M. of A. PERRY, MONTESANO, P. RIVERA, GALEF, REILLY -- Multi-Sponsored by -- M. of A. MURRAY -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, in relation to requiring banks and financial institutions entering into negotiations to modify a mortgage on real property located in this state to be responsible for the continuation of the modification process until its completion regardless of whether the mortgage is sold

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. RESPONSIBILITY OF BANKS FOR MORTGAGES BEING PROCESSED FOR MODIFICATION. 1. NOTWITHSTANDING ANY PROVISIONS OF LAW TO THE CONTRARY, ANY BANK OR FINANCIAL INSTITUTION ENTERING INTO NEGOTIATIONS, INCLUDING BUT NOT LIMITED TO PROCESSING AN APPLICATION, TO MODIFY A MORTGAGE ON REAL PROPERTY LOCATED IN THIS STATE SHALL BE RESPONSIBLE FOR THE CONTINUATION OF THE MODIFICATION PROCESS UNTIL ITS COMPLETION REGARDLESS OF WHETHER THE MORTGAGE IS SOLD, TRANSFERRED OR BUNDLED INTO A SECURITY PACKAGE FOR PROVISION TO A THIRD PARTY DURING THE MODIFICATION PROCESS.

2. IF A MORTGAGE THAT IS THE SUBJECT OF NEGOTIATIONS OR APPLICATION FOR A MODIFICATION OF THE MORTGAGE TERMS IS SOLD, TRANSFERRED OR BUNDLED INTO A SECURITY PACKAGE FOR PROVISION TO A THIRD PARTY DURING THE MODIFICATION PROCESS, SUCH MORTGAGE SHALL BE AUTOMATICALLY DEEMED TO HAVE BEEN MODIFIED AS SPECIFIED IN THE MORTGAGE MODIFICATION APPLICATION AND THE PURCHASER OF SUCH MORTGAGE MUST ACCEPT ANY DECISION RENDERED WITH REGARD TO SUCH MODIFICATION AND BE BOUND BY THE TERMS OF THE MODIFICATION AGREEMENT, INCLUDING THE INTEREST RATE IN EFFECT AT THE TIME OF PROCESSING. THE PURCHASER SHALL ASSUME ALL RIGHTS AND RESPONSIBILITIES NECESSARY TO COMPLY WITH THE MODIFIED LOAN.

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

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3. THE PROVISIONS OF THIS SECTION SHALL APPLY TO ANY MORTGAGE LOAN WHICH IS THREE MONTHS OR OLDER AT THE TIME OF THE MODIFICATION PROCESS.

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