

3815

2013-2014 Regular Sessions

I N A S S E M B L Y

January 29, 2013

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

AN ACT to amend the banking law, in relation to the mortgage bill of
rights pamphlet on residential mortgages

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

1 Section 1. The banking law is amended by adding a new section 35 to
2 read as follows:

3 S 35. INFORMATION PAMPHLET FOR RESIDENTIAL MORTGAGE APPLICANTS. 1.
4 THE SUPERINTENDENT SHALL DEVELOP A PAMPHLET KNOWN AS "THE MORTGAGE
5 APPLICANT'S BILL OF RIGHTS" AND POST SUCH PAMPHLET ON THE DEPARTMENT'S
6 WEB SITE. SUCH PAMPHLET SHALL BE POSTED AND PRINTED IN THE EIGHT
7 LANGUAGES WHICH ARE MOST SPOKEN IN THIS STATE. COPIES OF SUCH PAMPHLET
8 SHALL BE PROVIDED TO ALL LICENSED LENDERS AND BANKING ORGANIZATIONS
9 OFFERING RESIDENTIAL MORTGAGE SERVICES. A COPY OF SUCH PAMPHLET SHALL BE
10 PROVIDED BY LICENSED LENDERS AND BANKING ORGANIZATIONS TO EACH PERSON
11 BEFORE SUCH PERSON ENTERS INTO AN APPLICATION FOR A LOAN SECURED BY A
12 MORTGAGE UPON RESIDENTIAL REAL ESTATE. THE PAMPHLET PROVIDED TO EACH
13 SUCH PERSON SHALL BE PRINTED IN A LANGUAGE WHICH THE PERSON IS CAPABLE
14 OF READING AND UNDERSTANDING. FURTHERMORE, SUCH LICENSED LENDER AND
15 BANKING ORGANIZATION SHALL NOT ACCEPT AN APPLICATION FOR A RESIDENTIAL
16 MORTGAGE UNTIL THE PERSON OR PERSONS APPLYING FOR A MORTGAGE HAVE BEEN
17 PROVIDED A COPY OF THE BOOKLET AND ACKNOWLEDGED RECEIPT OF IT IN WRIT-
18 ING. EVERY LICENSED LENDER AND BANKING ORGANIZATION SHALL MAINTAIN SUCH
19 ACKNOWLEDGEMENT ALONG WITH THE APPLICANT'S MORTGAGE LOAN DOCUMENTS.

20 2. THE PAMPHLET AND WEB SITE NOTICE DEVELOPED PURSUANT TO THIS SECTION
21 SHALL INCLUDE THE FOLLOWING, ALONG WITH OTHER INFORMATION ADDED AT THE
22 DISCRETION OF THE SUPERINTENDENT NOT OTHERWISE INCONSISTENT WITH THE
23 INFORMATION SET FORTH IN THE PAMPHLET:

24 "BILL OF RIGHTS FOR RESIDENTIAL MORTGAGE APPLICANTS

25 AS AN APPLICANT FOR A RESIDENTIAL MORTGAGE YOU HAVE THE RIGHT TO:

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

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1 1. COMPARE THE CHARGES OF DIFFERENT MORTGAGE BROKERS AND LENDERS TO
2 OBTAIN THE BEST LOAN POSSIBLE.

3 2. ASK YOUR MORTGAGE BROKER TO EXPLAIN HIS OR HER RESPONSIBILITIES
4 WITHIN THE MORTGAGE LENDING PROCESS.

5 3. KNOW HOW MUCH THE MORTGAGE BROKER IS COMPENSATED BY YOU AND THE
6 LENDER FOR YOUR LOAN.

7 4. A CLEAR AND TRUTHFUL EXPLANATION OF THE TERMS AND CONDITIONS OF THE
8 LOAN.

9 5. KNOW IF THE LOAN BEING OFFERED IS A FIXED OR ADJUSTABLE RATE MORT-
10 GAGE LOAN, KNOW THE EXACT AMOUNT OF YOUR MONTHLY LOAN PAYMENTS, INCLUD-
11 ING ANY PROJECTED ESCROW PAYMENTS, KNOW THE FINAL ANNUAL PERCENTAGE RATE
12 (APR) AND THE AMOUNT OF REGULAR PAYMENTS AT THE LOAN'S CLOSING.

13 6. ASK FOR A GOOD FAITH ESTIMATE OF ALL LOAN AND SETTLEMENT CHARGES
14 BEFORE YOU AGREE TO THE LOAN AND PAY ANY FEES, SUCH AS LOAN APPLICATION
15 FEES, TITLE SEARCH AND INSURANCE FEES, LENDER'S ATTORNEY FEES, PROPERTY
16 APPRAISAL CHARGES, INSPECTIONS, RECORDING FEES, TRANSFER TAXES, POINT
17 AND ORIGATION FEES, AND ESCROW ACCOUNT BALANCES.

18 7. OBTAIN CREDIT COUNSELING BEFORE CLOSING A LOAN.

19 8. DECIDE WHETHER OR NOT TO FINANCE ANY PORTION OF THE POINTS OR FEES.

20 9. REFUSE TO PURCHASE CREDIT INSURANCE FOR ANY MORTGAGE LOAN.

21 10. HAVE YOUR PROPERTY APPRAISED BY AN INDEPENDENT LICENSED PROFES-
22 SIONAL AND TO RECEIVE A COPY OF THE APPRAISAL.

23 11. NOT BE SUBJECT TO DECEPTIVE MARKETING PRACTICES.

24 12. ASK FOR THE HUD SETTLEMENT COSTS BOOKLET, "BUYING YOUR HOME".

25 13. RECEIVE THE FOLLOWING DOCUMENTS, AND EVERY DOCUMENT OTHERWISE
26 REQUIRED TO BE GIVEN TO YOU AT CLOSING UNDER FEDERAL AND NEW YORK STATE
27 LAW:

28 A. GOOD FAITH ESTIMATE

29 B. TRUTH IN LENDING

30 C. HUD-1 STATEMENT.

31 14. KNOW WHAT FEES ARE NOT REFUNDABLE IF YOU DECIDE TO CANCEL THE LOAN
32 AGREEMENT.

33 15. RECEIVE IN WRITING THE REASON FOR THE DENIAL OR CONDITIONAL
34 APPROVAL OF YOUR LOAN APPLICATION.

35 16. IF REFINANCING, YOU MAY CANCEL A LOAN WITHIN THREE DAYS OF THE
36 CLOSING BY PROVIDING WRITTEN NOTIFICATION OF CANCELLATION TO THE
37 LICENSED LENDER OR BANKING INSTITUTION.

38 17. RECEIVE THE HUD-1 DOCUMENT ONE DAY BEFORE THE CLOSING TAKES PLACE.

39 18. HAVE ANY LENDING DISPUTES RESOLVED IN A FAIR AND EQUITABLE MANNER.

40 19. A CREDIT DECISION THAT IS NOT BASED UPON YOUR RACE, COLOR,
41 NATIONAL ORIGIN, RELIGION, SEX, FAMILY STATUS, SEXUAL ORIENTATION, DISA-
42 BILITY OR WHETHER ANY INCOME IS FROM PUBLIC ASSISTANCE.

43 20. FILE A COMPLAINT WITH THE DEPARTMENT IF YOU BELIEVE THAT A MORT-
44 GAGE BROKER OR ANY OTHER ENTITY LICENSED BY THE DEPARTMENT HAS VIOLATED
45 ANY RULES, REGULATIONS OR LAWS WHICH GOVERN HIS OR HER CONDUCT IN WORK-
46 ING WITH YOU TO GET OR PROCESS A MORTGAGE LOAN.

47 21. FILE A COMPLAINT WITH THE NEW YORK STATE DEPARTMENT OF STATE IF
48 YOU BELIEVE THAT A REAL ESTATE BROKER HAS VIOLATED ANY RULES, REGU-
49 LATIONS OR LAWS WHICH GOVERN HIS OR HER CONDUCT IN WORKING WITH YOU TO
50 PURCHASE A HOME."

51 S 2. This act shall take effect on the one hundred eightieth day after
52 it shall have become a law; provided that, effective immediately, any
53 and all actions necessary to implement the provisions of this act on its
54 effective date are authorized and directed to be completed on or before
55 such date.