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

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I N A S S E M B L Y

May 6, 2014

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

AN ACT to amend the banking law, in relation to subprime home loans

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

Section 1. Paragraph (c) of subdivision 1 of section 6-m of the banking law is amended by adding a new subparagraph (iii) to read as follows:

(III) NOTWITHSTANDING THE THRESHOLDS SET FORTH IN THIS PARAGRAPH, IF A HOME LOAN IS INSURED BY THE FEDERAL HOUSING ADMINISTRATION, AND IF ANNUAL MORTGAGE INSURANCE PREMIUMS ARE COLLECTED BY THE FEDERAL HOUSING ADMINISTRATION FOR THE MAXIMUM DURATION PERMITTED UNDER FEDERAL STATUTE, AND IF SUCH LOAN IS NOT A TITLE 1 HOME IMPROVEMENT LOAN NOR A HOME EQUITY CONVERSION MORTGAGE, THEN THE TERM "SUBPRIME HOME LOAN" MEANS A HOME LOAN IN WHICH THE INITIAL INTEREST RATE OR THE FULLY-INDEXED RATE, WHICHEVER IS HIGHER, EXCEEDS BY MORE THAN TWO AND A HALF PERCENTAGE POINTS FOR A FIRST-LIEN LOAN, OR BY MORE THAN FOUR AND A HALF PERCENTAGE POINTS FOR A SUBORDINATE-LIEN LOAN, THE AVERAGE COMMITMENT RATE FOR LOANS IN THE NORTHEAST REGION WITH A COMPARABLE DURATION TO THE DURATION OF SUCH HOME LOAN, AS PUBLISHED BY THE FEDERAL HOME LOAN MORTGAGE CORPORATION (HEREIN "FREDDIE MAC") IN ITS WEEKLY PRIMARY MORTGAGE MARKET SURVEY (PMMS) POSTED IN THE WEEK PRIOR TO THE WEEK IN WHICH THE LENDER PROVIDES THE "GOOD FAITH ESTIMATE" REQUIRED UNDER 12 USC S2601 ET SEQ.

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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