

6391

2015-2016 Regular Sessions

I N   A S S E M B L Y

March 23, 2015

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Introduced by M. of A. PERRY, GALEF, MONTESANO -- 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:

1     Section 1. The banking law is amended by adding a new section 6-n to  
2     read as follows:  
3     S 6-N. RESPONSIBILITY OF BANKS FOR MORTGAGES BEING PROCESSED FOR  
4     MODIFICATION. 1. NOTWITHSTANDING ANY PROVISIONS OF LAW TO THE CONTRARY,  
5     ANY BANK OR FINANCIAL INSTITUTION ENTERING INTO NEGOTIATIONS, INCLUDING  
6     BUT NOT LIMITED TO PROCESSING AN APPLICATION, TO MODIFY A MORTGAGE ON  
7     REAL PROPERTY LOCATED IN THIS STATE SHALL BE RESPONSIBLE FOR THE CONTIN-  
8     UATION OF THE MODIFICATION PROCESS UNTIL ITS COMPLETION REGARDLESS OF  
9     WHETHER THE MORTGAGE IS SOLD, TRANSFERRED OR BUNDLED INTO A SECURITY  
10    PACKAGE FOR PROVISION TO A THIRD PARTY DURING THE MODIFICATION PROCESS.  
11    2. IF A MORTGAGE THAT IS THE SUBJECT OF NEGOTIATIONS OR APPLICATION  
12    FOR A MODIFICATION OF THE MORTGAGE TERMS IS SOLD, TRANSFERRED OR BUNDLED  
13    INTO A SECURITY PACKAGE FOR PROVISION TO A THIRD PARTY DURING THE  
14    MODIFICATION PROCESS, SUCH MORTGAGE SHALL BE AUTOMATICALLY DEEMED TO  
15    HAVE BEEN MODIFIED AS SPECIFIED IN THE MORTGAGE MODIFICATION APPLICATION  
16    AND THE PURCHASER OF SUCH MORTGAGE MUST ACCEPT ANY DECISION RENDERED  
17    WITH REGARD TO SUCH MODIFICATION AND BE BOUND BY THE TERMS OF THE  
18    MODIFICATION AGREEMENT, INCLUDING THE INTEREST RATE IN EFFECT AT THE  
19    TIME OF PROCESSING. THE PURCHASER SHALL ASSUME ALL RIGHTS AND RESPONSI-  
20    BILITIES NECESSARY TO COMPLY WITH THE MODIFIED LOAN.  
21    3. THE PROVISIONS OF THIS SECTION SHALL APPLY TO ANY MORTGAGE LOAN  
22    WHICH IS THREE MONTHS OR OLDER AT THE TIME OF THE MODIFICATION PROCESS.  
23    S 2. This act shall take effect on the ninetieth day after it shall  
24    have become a law.

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

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