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

1934

2015-2016 Regular Sessions

I N S E N A T E

January 15, 2015

Introduced by Sen. PARKER -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the general obligations law, in relation to increases in mortgage escrow account requirements

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

Section 1. The general obligations law is amended by adding a new section 5-603 to read as follows:

S 5-603. INCREASES IN DEPOSITS IN ESCROW WITH MORTGAGE INVESTING INSTITUTIONS. ANY MORTGAGE INVESTING INSTITUTION THAT MAINTAINS AN ESCROW ACCOUNT PURSUANT TO ANY AGREEMENT EXECUTED IN CONNECTION WITH A MORTGAGE ON ANY REAL PROPERTY LOCATED IN THIS STATE SHALL GIVE AT LEAST TEN DAYS WRITTEN NOTICE PRIOR TO REQUIRING PAYMENT OF ANY INCREASE IN THE AMOUNT OF ESCROW IF THE DOLLAR AMOUNT OF SUCH INCREASE IS MORE THAN FIVE PERCENT OF THE DOLLAR AMOUNT OF THE TOTAL MONTHLY PAYMENT (WHICH INCLUDES PRINCIPAL, INTEREST, AND ALL ESCROW AMOUNTS) FOR THE MONTH PRIOR TO THE MONTH FOR WHICH THE INCREASE IS EFFECTIVE. NO SERVICE CHARGE SHALL BE IMPOSED FOR THE GIVING OF SUCH NOTICE. FOR THE PURPOSES OF THIS SECTION, "MORTGAGE INVESTING INSTITUTION" SHALL MEAN ANY BANKING ORGANIZATION, AS DEFINED IN SECTION TWO OF THE BANKING LAW, OR ANY OTHER ENTITY ENGAGED IN THE BUSINESS OF OFFERING MORTGAGE FINANCING TO THE PUBLIC OR INVESTING IN MORTGAGES.

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

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

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