

STATE OF NEW YORK

4494

2017-2018 Regular Sessions

IN SENATE

February 16, 2017

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

AN ACT to amend the real property law, in relation to the provision of certain information to mortgagors of reverse mortgages issued under the federal home equity conversion mortgage for seniors program

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The real property law is amended by adding a new section
2 280-e to read as follows:

3 § 280-e. Federal home equity conversion mortgage information summary
4 sheet. 1. For the purposes of this section the following terms shall
5 have the following meanings:

6 (a) Reverse mortgage loan. A reverse mortgage loan as defined in
7 section two hundred eighty of this article, which is issued in this
8 state pursuant to the home equity conversion mortgage for seniors
9 program operated by the federal Department of Housing and Urban Develop-
10 ment.

11 (b) Authorized lender. An authorized lender as defined in section two
12 hundred eighty of this article authorized to make reverse mortgage
13 loans, as defined in this section.

14 (c) Mortgagor. A mortgagor as defined in section two hundred eighty of
15 this article.

16 (d) Department. The department of financial services established
17 pursuant to section one hundred two of the financial services law.

18 2. The department shall establish and distribute to authorized lend-
19 ers, and periodically update, a New York state home equity conversion
20 information summary. Such summary shall include, but not be limited to:

21 (a) notice that reverse mortgage loans are not free or cost free, and
22 such loans have associated costs that are included in the financing
23 thereof;

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

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1 (b) a schedule of payments to be made to and from the mortgagor, and
2 the total payment for both the mortgagee and the authorized lender over
3 the term of the reverse mortgage loan contingent upon the type of such
4 loan being offered;

5 (c) a statement advising mortgagors to consult with licensed profes-
6 sionals regarding the tax and estate planning consequences of reverse
7 mortgage loans;

8 (d) where applicable, a description of the prepayment and refinancing
9 provisions of the reverse mortgage loan;

10 (e) an explanation and itemization of the potential costs of reverse
11 mortgage loans, including the rate of interest and total interest paya-
12 ble on such loan;

13 (f) a summary of actions or conditions that will constitute a default
14 of the reverse mortgage loan;

15 (g) a summary and explanation of alternatives to entering into a
16 reverse mortgage loan on the basis of economic hardship including, but
17 not limited to, direct sale of the residence, social safety net
18 programs, debt consolidation or economic counseling;

19 (h) information on a mortgagor's basic rights in the foreclosure proc-
20 ess;

21 (i) a summary of the real property tax exemptions which are available
22 to the mortgagor in order to reduce his or her cost of living;

23 (j) information about New York state-based organizations that provide
24 federal Department of Housing and Urban Development certified reverse
25 mortgage counseling;

26 (k) information on legal assistance and advocacy organizations and
27 services which provide assistance to mortgagors in the event that
28 complications or issues arise relating to the reverse mortgage loan; and

29 (l) such other information as the department shall deem necessary to
30 fully inform mortgagors of their rights and responsibilities under a
31 reverse mortgage loan.

32 3. Not less than five days prior to the closing upon a reverse mort-
33 gage loan, the authorized lender shall provide the mortgagor with a
34 completed New York state home equity conversion information summary in
35 duplicate. Each mortgagor shall sign both copies of such summary,
36 attesting that he or she has read and fully understands the summary. One
37 copy thereof shall be retained by the authorized lender and the other
38 shall be retained by the mortgagor's attorney.

39 4. The provision of the information summary established by this
40 section is integral to the execution of a reverse mortgage loan, thus in
41 the absence of such a summary the related reverse mortgage loan shall be
42 null and void.

43 5. Any person who has been injured by reason of any violation of this
44 section or the rules and regulations related thereto may bring an action
45 in his or her own name to recover treble his or her actual damages, plus
46 the prevailing plaintiff's reasonable attorneys fee.

47 6. The superintendent of financial services is authorized to promul-
48 gate any rules or regulations he or she deems necessary to implement the
49 provisions of this section.

50 § 2. This act shall take effect on the one hundred twentieth day after
51 it shall have become a law; provided, however, that effective immediat-
52 ly, any actions necessary for the implementation of this act on its
53 effective date are authorized and directed to be completed on or before
54 such date.