STATE OF NEW YORK

10351

IN ASSEMBLY

April 29, 2020

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

AN ACT to amend the banking law, in relation to the forbearance of residential mortgage payments

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

Section 1. The banking law is amended by adding a new section 9-x to read as follows:

§ 9-x. Mortgage forbearance. 1. As used in this section, the following terms shall have the following meanings:

(a) "COVID-19 pandemic" means the global outbreak of COVID-19, the disease caused by the novel coronavirus first identified in Wuhan, China, in or about December two thousand nineteen, that has been detected in increasing numbers in the United States, including the state of New York;

(b) "qualified mortgagor" means an individual who resides in New York who has a mortgage on real residential property in New York from or serviced by a regulated institution;

(c) "regulated institution" means any New York regulated banking organization as defined under this chapter and any New York regulated mortgage servicer entity subject to the authority of the department; and

(d) "trial period plan" means the time after a mortgage modification agreement where the mortgagor is required to make full, on-time payments in order for the mortgage modification to become permanent.

2. Notwithstanding any other provision of law, New York regulated institutions shall:

(a) make applications for forbearance of any payment due on a residential mortgage of a property located in New York widely available to any qualified mortgagor including those who are already in arrears or on a trial period plan and who demonstrate financial hardship as a result of the COVID-19 pandemic; and

(b) subject to the safety and soundness requirements of the regulated institution, grant such forbearance for a period of ninety days to any

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

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such qualified mortgagor, including those who are already in arrears or on a trial period plan.

(c) Such forbearance may be backdated to March seventh, two thousand twenty.

3. Notwithstanding any other provision of law, any mortgage forbearance granted by a regulated institution pursuant to executive order number 202.9, this section, or any other law, rule or regulation to the qualified mortgagor as a result of financial hardship due to the COVID-19 pandemic shall be subject to the following provisions:

(a) the mortgagor shall have the option to extend the term of the loan for the length of the period of forbearance, subject to the safety and soundness requirements of the regulated institution. The regulated institution shall waive interest on the principal for the term of the forbearance and waive any late fees accumulated as a result of the forbearance; or

(b) the mortgagor shall have the option to defer arrears accumulated during the forbearance period as a non-interest bearing balloon payment payable at the maturity of the loan or at the time the loan is satisfied through a refinance or sale of the property, subject to the safety and soundness requirements of the regulated institution.

(c) The exercising of options provided for in paragraph (a) or (b) of this subdivision by a qualified mortgagor shall not be reported negatively to any credit bureau by any regulated institution.

4. Notwithstanding anything to the contrary in this section, this section shall not apply to, and does not affect any mortgage loans made, insured, or securitized by any agency or instrumentality of the United States, any government sponsored enterprise, or a federal home loan bank, or the rights and obligations of any lender, issuer, servicer or trustee of such obligations, including servicers for the Government National Mortgage Association.

§ 2. This act shall take effect immediately.