

# STATE OF NEW YORK

2294

2019-2020 Regular Sessions

## IN SENATE

January 23, 2019

Introduced by Sen. SANDERS -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

AN ACT to amend the private housing finance law, in relation to enacting the "home mortgage bridge loan assistance act of 2019"; and to amend the state finance law, in relation to establishing the home mortgage bridge loan assistance fund

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

1 Section 1. The private housing finance law is amended by adding a new  
2 article 28 to read as follows:

3 ARTICLE 28

4 HOME MORTGAGE BRIDGE LOAN

5 ASSISTANCE

6 Section 1250. Short title.

7 1251. Legislative findings and purpose.

8 1252. Definitions.

9 1253. Home mortgage bridge loan assistance.

10 1254. Notice, timing and stay of proceeding requirements.

11 1255. Eligibility.

12 1256. Temporary payments of assistance.

13 § 1250. Short title. This article shall be known and may be cited as  
14 the "home mortgage bridge loan assistance act of 2019".

15 § 1251. Legislative findings and purpose. (1) Findings. The legisla-  
16 ture hereby finds and declares that:

17 (a) this state and the United States have experienced the collapse of  
18 a sizeable primary and secondary real estate market bubble which few  
19 foresaw and many now suffer the wealth destructive effects of;

20 (b) this state and the United States are in consequence now suffering  
21 an economic slowdown as consumers trim spending and concentrate upon

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

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1 paying down debt, while financial institutions and other business firms  
2 trim investment expenditures pending a return of consumer spending;

3 (c) the economic slowdown afflicting this state and the United States  
4 has driven large numbers of residents into temporary involuntary unem-  
5 ployment or underemployment, thereby lowering incomes, spending and  
6 investment yet further, while rendering debt payment correspondingly  
7 more difficult for many;

8 (d) there is in consequence a danger that many otherwise credit worthy  
9 homeowners' capacity to remain current on mortgage payments will deteri-  
10 orate yet further, resulting in widespread default, multiple costly  
11 foreclosure proceedings, distress sales of homes, consequent further  
12 distress to financial institutions' balance sheets and solvency, growing  
13 rates of avoidable homelessness, and significant deterioration of aban-  
14 doned housing stock and neighborhoods;

15 (e) foreclosed homes, abandoned housing stock and consequently deteri-  
16 orating buildings and neighborhoods not only detrimentally affect those  
17 who needlessly lose their homes and the neighborhoods in which they  
18 reside, but also drain wealth from otherwise healthy lending insti-  
19 tutions and non-distressed home mortgage borrowers, thereby harming the  
20 health of the broader economy yet further;

21 (f) while the current economic crisis demands immediate action to  
22 avoid unnecessary foreclosures, help revitalize and stabilize our commu-  
23 nities and reinvigorate mortgage lending, business cycles are part of  
24 the economic fabric of the state and the nation and therefore, a tempo-  
25 rary bridge loan mortgage payment assistance program would benefit home  
26 mortgage borrowers, lenders and neighborhoods not only in the current  
27 downturn, but also in future conventional economic downturns;

28 (g) empirical evidence reveals that many temporarily troubled mortgage  
29 borrowers prove able to retain their homes and pay off their mortgages  
30 without modification when offered bridge loan assistance until broader  
31 economic conditions improve, thereby staving off growing default, fore-  
32 closure, homelessness and neighborhood deterioration rates, as well as  
33 yet further worsening of economic conditions;

34 (h) temporary bridge loan mortgage assistance programs have according-  
35 ly proved highly successful in cost effectively limiting foreclosure  
36 rates and attendant economic and social ills in several states, most  
37 notably in Pennsylvania, Connecticut, Maryland and Nevada; and

38 (i) a temporary bridge loan mortgage payment assistance program is  
39 highly likely to redound in a cost effective manner to the benefit of  
40 home mortgage borrowers, lenders, neighborhoods, and the broader public  
41 of this state.

42 2. Purpose. The legislature declares that the purpose of this article  
43 shall be to establish a program to afford bridge loan assistance to home  
44 mortgage debtors facing temporary difficulties in remaining current on  
45 mortgage loan payments through no fault of their own so as to avoid many  
46 avoidable public and private ills.

47 § 1252. Definitions. As used in this article, the following terms  
48 shall have the following meanings:

49 1. "Commissioner" means the commissioner of housing and community  
50 renewal.

51 2. "Division" means the division of housing and community renewal.

52 3. "Event" means a qualifying financial hardship beyond the  
53 mortgagor's control as defined in paragraph (a) of subdivision three of  
54 section twelve hundred fifty-three of this article.

55 4. "Gross household income" means the sum of the incomes of the appli-  
56 cant, his or her spouse and children residing in the same household as

1 the applicant, as well as the incomes of any other residents of the  
2 household declared by the applicant to be dependents for federal  
3 personal income taxation purposes. Included in such term are all forms  
4 of monetary assistance received by such members of the applicant's  
5 household.

6 5. "Net effective income" means an applicant's gross household income  
7 less local, state and federal income and social security taxes.

8 6. "Total housing expenses" means the sum of the mortgagor's monthly  
9 mortgage payments, including escrows, utility costs, property hazard  
10 insurance premiums, real property taxes and homeowner's fees imposed for  
11 the maintenance of any common areas.

12 § 1253. Home mortgage bridge loan assistance. 1. Authority. (a) The  
13 commissioner shall establish, within the division, a program to afford  
14 temporary supplemental mortgage payments of approved mortgagors. Such  
15 program shall be called the "home mortgage bridge loan assistance  
16 program". The assistance provided pursuant to this article shall be  
17 called "home mortgage bridge loan assistance".

18 (b) The commissioner shall promulgate such rules and forms as shall be  
19 necessary to implement the provisions of this article, and shall publish  
20 and enforce such rules.

21 (c) The aggregate amount of home mortgage bridge loan assistance  
22 provided to any mortgagor shall not exceed sixty thousand dollars, or  
23 extend beyond twenty-four or thirty-six months, and shall ultimately be  
24 recovered from beneficiaries after their employment resumes, as provided  
25 pursuant to this article.

26 (d) The division is authorized to provide home mortgage bridge loan  
27 assistance pursuant to this article only at such time as funds have been  
28 appropriated or made available for the home mortgage bridge loan assist-  
29 ance program.

30 2. Eligible mortgages. Except as otherwise provided in subdivision  
31 four of section twelve hundred fifty-four of this article the division  
32 shall make home mortgage bridge loan assistance available for the  
33 payment of mortgages only on one, two, three and four family residences  
34 and for single family residences in condominiums, housing cooperatives  
35 or manufactured homes in connection with which:

36 (a) the mortgaged property is the mortgagor's principal place of resi-  
37 dence;

38 (b) the mortgaged property is located in this state;

39 (c) the mortgagor, prior to the occurrence of an event had a total  
40 pre-event income that was less than one hundred twenty percent of the  
41 median family income for the metropolitan statistical area or statewide  
42 nonmetropolitan area where the property is located, as most recently  
43 determined and published by the department of housing and urban develop-  
44 ment;

45 (d) the mortgagor does not own other residential property that is  
46 subject to a mortgage lien;

47 (e) the mortgagee has given the mortgagor notice, pursuant to section  
48 twelve hundred fifty-four of this article, that it intends to foreclose  
49 on the mortgage;

50 (f) the mortgagor has applied to the division for assistance pursuant  
51 to section twelve hundred fifty-five of this article;

52 (g) at least two full monthly installments due upon the mortgagor's  
53 mortgage remain unpaid after application of any partial payments that  
54 might have been accepted by the mortgagee but not yet applied to the  
55 mortgagor's account;

1 (h) the mortgagor is suffering temporary financial hardship owing to  
2 circumstances beyond his or her control, as defined in subdivision three  
3 of this section, which renders the mortgagor unable to bring his or her  
4 account current within the sixty day period commencing with receipt of  
5 the mortgagee's notice of intention to foreclose;

6 (i) the mortgagor has not been more than sixty days delinquent on a  
7 residential mortgage within the five-year interval preceding the delin-  
8 quency or the filing for unemployment insurance under subdivision four  
9 of section twelve hundred fifty-four of this article in connection with  
10 which assistance is requested of the division, unless the mortgagor  
11 demonstrates that the prior delinquency also resulted from an event; and

12 (j) there is a reasonable likelihood that the mortgagor will be able  
13 to resume full mortgage payments not later than twenty-four months (or  
14 not later than thirty-six months, in periods of high unemployment, as  
15 determined from time-to-time by the commissioner) after the commencement  
16 of home mortgage bridge loan assistance payments by the division to the  
17 mortgagee, and that the mortgagor will pay the mortgage in full either  
18 by its maturity date or by a later date agreed to with the mortgagee.

19 3. Temporary financial hardship beyond control of mortgagor. The  
20 commissioner shall determine whether that financial hardship which  
21 impedes timely mortgage payment may be temporary and beyond the control  
22 of the mortgagor by reference to verified impediments.

23 (a) Qualifying financial hardship beyond the mortgagor's control.  
24 Circumstances beyond the mortgagor's control, not including termination  
25 from paid employment, which result in financial hardship to the mortga-  
26 gor include:

27 (i) involuntary loss of employment by the mortgagor;  
28 (ii) involuntary reduction of salary, wage or other earnings on the  
29 part of the mortgagor; or  
30 (iii) any other financial hardship determined by regulation to be  
31 beyond the mortgagor's control.

32 (b) Determination as to whether financial hardship may be temporary.  
33 Factors that the commissioner shall consider when evaluating whether the  
34 mortgagor has a reasonable prospect of resuming full mortgage payments  
35 within twenty-four or thirty-six months, from the commencement of home  
36 mortgage bridge loan assistance payments, and of being able to pay the  
37 mortgage in full by maturity or by a later date agreed to by the mortga-  
38 gee include:

39 (i) prior work history, experience, training, opportunities for  
40 retraining and similar factors which may affect future employment oppor-  
41 tunities;

42 (ii) debt reduction or other income changes sufficient to enable the  
43 mortgagor to resume full mortgage payments;

44 (iii) noncash benefits that may reduce household expenses, such as  
45 food stamps or free medical services for military or low-income fami-  
46 lies;

47 (iv) changes in income or recurring expenses that may be affected by  
48 changes in the age, composition or employment of members of the house-  
49 hold;

50 (v) potential for repayment of short-term or installment debt;

51 (vi) delinquencies in other debts which seriously jeopardize continued  
52 ownership of the home, which cannot be cured by a mortgage assistance  
53 loan;

54 (vii) a favorable work and credit history;

55 (viii) a history of timely mortgage payments when employed;

56 (ix) lack of an impediment or disability that prevents reemployment;

1 (x) evidence that the mortgagor is actively seeking work; and  
2 (xi) any other consideration determined by the commissioner to be  
3 relevant to evaluating whether the mortgagor's financial hardship is  
4 temporary.

5 § 1254. Notice, timing and stay of proceeding requirements. 1.  
6 Requirements. No mortgagee or agent thereof, or any mortgage servicer,  
7 may accelerate any eligible mortgage obligation as defined in subdivi-  
8 sion two of section twelve hundred fifty-three of this article, or  
9 commence any legal action, including mortgage foreclosure, to recover on  
10 such obligation, or take possession of any security of the mortgagor for  
11 such mortgage obligation, until: (a) the mortgagor is notified as  
12 prescribed in subdivision two of this section, pursuant to such form and  
13 in such manner as the commissioner shall prescribe by rule; and (b) the  
14 commissioner has made a determination not to extend home mortgage bridge  
15 loan assistance, or until the applicable time periods prescribed in  
16 subdivisions two and three of this section have expired, whichever is  
17 earlier.

18 2. Timing and notice requirements. (a) Timing. No mortgagee or agent  
19 thereof, or any mortgage servicer, may accelerate any eligible mortgage  
20 obligation as defined in subdivision two of section twelve hundred  
21 fifty-three of this article, or commence any legal action, including  
22 mortgage foreclosure, to recover on such obligation, or take possession  
23 of any security of the mortgagor for such mortgage obligation, until the  
24 mortgagor is at least sixty days contractually delinquent in making his  
25 or her mortgage payments, or in violation of some other contractual  
26 provision of such mortgage.

27 (b) Notice. Any mortgagee or agent thereof, or any mortgage servicer,  
28 before accelerating any eligible mortgage obligation as defined in  
29 subdivision two of section twelve hundred fifty-three of this article,  
30 or commencing any legal action, including mortgage foreclosure, to  
31 recover on such obligation, or taking possession of any security of the  
32 mortgagor for such mortgage obligation, shall, in addition to complying  
33 with the requirements prescribed in subdivision one of this section and  
34 paragraph (a) of this subdivision, comply with the following notice  
35 requirements:

36 (i) notice shall be given by a uniform notice form, application form  
37 and by any other documentation concerning home mortgage bridge loan  
38 assistance, to be prepared by the commissioner;

39 (ii) the notice, which may be provided by (A) first class mail or (B)  
40 in any other manner agreed to by the mortgagor in writing, shall advise  
41 the mortgagor of his or her delinquency or other default under the mort-  
42 gage;

43 (iii) the notice shall advise the mortgagor that he or she has thirty  
44 calendar days from the date of the notice to meet face-to-face with a  
45 designated consumer credit counseling agency designated by the commis-  
46 sioner, with a view to resolving the delinquency or default by restruc-  
47 turing the loan payment schedule or in some other manner through negoti-  
48 ations with the mortgagee or its servicer or other agent who has sent  
49 the notice; and

50 (iv) the notice shall advise the mortgagor that, should he or she be  
51 unable to resolve the delinquency or default within thirty calendar days  
52 of the first contact made with the consumer counseling agency, and wish  
53 to be considered for home mortgage bridge loan assistance pursuant to  
54 this article, he or she must apply for such assistance no later than ten  
55 calendar days from the end of said thirty day period, to the division at

1 either an address, including an email address, or a telephone number,  
2 both to be provided in the notice itself, to be considered.

3 3. Mortgagor's receipt of default notice. (a) The consumer credit  
4 counseling agency shall promptly notify any and all mortgagees secured  
5 by the mortgagor's real property of the date that first contact was made  
6 with the consumer counseling agency by the mortgagor and that the mort-  
7 gagor is acting pursuant to the procedures stipulated in this section.

8 (b) No mortgagee notified pursuant to paragraph (a) of this subdivi-  
9 sion shall commence or continue any legal proceeding against the  
10 mortgagor's real property for at least ten calendar days from the end of  
11 the thirty day period that commences from the first contact the mortga-  
12 gor makes with a credit counseling agency as stated in such notice.

13 (c) Should the mortgagor apply for home mortgage bridge loan assist-  
14 ance pursuant to subparagraph (iv) of paragraph (b) of subdivision two  
15 of this section, the commissioner shall make a determination of eligi-  
16 bility or non-eligibility within sixty calendar days of receipt of the  
17 application. Upon receipt of the application, the commissioner also  
18 shall promptly inform any and all mortgagees secured by the mortgagor's  
19 real property that an application has been received pursuant to this  
20 article, and shall inform the same of both the date of receipt and the  
21 prohibition stated in paragraph (d) of this subdivision.

22 (d) During the period over which a mortgagor's application made to the  
23 division pursuant to this article is pending, no mortgagee shall  
24 commence or continue any foreclosure or related legal action upon its  
25 mortgage with the mortgagor.

26 (e) If (i) the mortgagor fails to meet with a designated consumer  
27 credit counseling agency within the designated time period prescribed by  
28 subparagraph (iii) of paragraph (b) of subdivision two of this section;  
29 (ii) the mortgagor does not apply for home mortgage bridge loan assist-  
30 ance within the time period prescribed by subparagraph (iv) of paragraph  
31 (b) of subdivision two of this section; or (iii) the mortgagor's appli-  
32 cation pursuant to this subdivision is denied, then the mortgagee may  
33 take any legal actions that are available to enforce the mortgage, free  
34 of the requirements of this article.

35 4. Other eligible mortgages. (a) Any mortgagor who files for unem-  
36 ployment insurance with the department of labor shall receive a notice  
37 from such department stating that he or she may be eligible for home  
38 mortgage bridge loan assistance pursuant to this article.

39 (b) Such notice shall be given by a uniform notice prescribed by the  
40 commissioner.

41 (c) The notice shall describe the purpose of the home mortgage bridge  
42 loan assistance program, include an application for home mortgage bridge  
43 loan assistance and notify the filer that he or she may consult with a  
44 consumer credit counseling agency with a view to applying for home mort-  
45 gage bridge loan assistance.

46 (d) Notwithstanding the conditions for home mortgage bridge loan  
47 assistance eligibility prescribed by this article, a mortgagor who is  
48 not contractually in default on his or her mortgage loan and who is  
49 faced with an event, may apply for home mortgage bridge loan assistance  
50 on a form prescribed by the commissioner which includes the information  
51 prescribed in subdivision one of section twelve hundred fifty-five and  
52 section twelve hundred fifty-six of this article.

53 (e) The division shall make a determination of eligibility within  
54 sixty calendar days of receipt of the application.

55 (f) Should the mortgagor's application for home mortgage bridge loan  
56 assistance be denied, the mortgagor may reapply pursuant to this subdivi-

1 vision for such assistance not less than six months from the date of  
2 such determination, unless there is a material change of circumstances.

3 § 1255. Eligibility. 1. Eligible mortgagors. With the partial excep-  
4 tion of cases covered by subdivision four of section twelve hundred  
5 fifty-four of this article, home mortgage bridge loan assistance shall  
6 be made available to a mortgagor only when all of the following condi-  
7 tions are met:

8 (a) the mortgagor is a permanent resident of this state;

9 (b) the property securing the mortgage is (i) located in this state;  
10 (ii) a one-to-four-family owner-occupied residence or a single-family  
11 residence in a condominium, housing cooperative or manufactured home;  
12 and (iii) the primary residence of the mortgagor;

13 (c) a mortgagee has announced to the mortgagor its intention to fore-  
14 close upon the mortgage, or payment on the mortgage has been contractu-  
15 ally delinquent for sixty or more days;

16 (d) the mortgagee is not prohibited by law from foreclosing upon the  
17 mortgage;

18 (e) the mortgagor is faced with financial hardship beyond his or her  
19 control which either (i) prevents his or her correcting the delinquency  
20 within a reasonable period of time and bringing the mortgage current; or  
21 (ii) as determined by the commissioner after reviewing the mortgagor's  
22 financial condition pursuant to subparagraph (ii) of paragraph (f) of  
23 this subdivision, may cause the mortgagor to become at least sixty days  
24 delinquent on his or her mortgage absent the liquidation of any part of  
25 the mortgagor's assets;

26 (f) the mortgagor has applied to the division for home mortgage bridge  
27 loan assistance upon an application form developed by the commissioner,  
28 which form shall include:

29 (i) a financial statement disclosing all assets and liabilities of the  
30 mortgagor whether singly or jointly held, and all household income irre-  
31 spective of source;

32 (ii) a statement of financial hardship, supported by such documenta-  
33 tion as the commissioner shall prescribe, detailing how either condition  
34 stated in subparagraph (i) or (ii) of paragraph (e) of this subdivision  
35 is satisfied;

36 (iii) a statement of prior mortgage credit history, supported by such  
37 documentation as the commissioner shall prescribe, indicating that the  
38 mortgagor either has enjoyed a favorable mortgage credit history over  
39 the previous five years, or that any want of such history is itself  
40 attributable to financial hardship as can be established by a statement  
41 of financial hardship as described in subparagraph (ii) of this para-  
42 graph;

43 (iv) a statement of prior education, employment, income and credit  
44 history, supported by such documentation as the commissioner shall  
45 prescribe, tending to show a reasonable likelihood that the mortgagor  
46 will be able to resume full mortgage payments within twenty-four months  
47 (or not later than thirty-six months, in periods of high unemployment,  
48 as determined from time-to-time by the commissioner) after commencement  
49 of home mortgage bridge loan assistance payments pursuant to this arti-  
50 cle, and pay the mortgage in full either by its maturity date or by a  
51 later date agreed by the mortgagor and the mortgagee; and

52 (v) any other information deemed necessary by the commissioner to  
53 determine eligibility for home mortgage bridge loan assistance pursuant  
54 to this act; and

1 (g) the commissioner has determined that the criteria established in  
2 this subdivision, and any procedural requirements that have been promul-  
3 gated, have been satisfied.

4 2. Waiver of requirements. The commissioner is authorized to waive  
5 noncompliance with the criteria in subdivision one of this section to  
6 the extent that such waiver is consistent with the state administrative  
7 procedure act, is not inconsistent with the purpose of this article and  
8 is supported by equitable principles.

9 3. Reapplication. Should the commissioner determine that any of the  
10 criteria elaborated in subdivision one of this section are not met, the  
11 mortgagor may reapply for home mortgage bridge loan assistance not  
12 before six months from the date of such determination, unless there is a  
13 material change of circumstances. Nothing in this subdivision shall  
14 prohibit a mortgagee from commencing legal action to enforce the mort-  
15 gage prior to reapplication by the mortgagor.

16 4. Misrepresentation in application form. An applicant who misrepre-  
17 sents any information provided in connection with an application for  
18 home mortgage bridge loan assistance may be denied such assistance, or  
19 be required immediately to return any such assistance proffered on the  
20 basis of such misrepresentation; and the mortgagee may, any time there-  
21 after, take any legal action to enforce the mortgage free of any further  
22 restriction imposed by this act.

23 § 1256. Temporary payments of assistance. 1. Initial payment of  
24 arrearages. Should the commissioner determine a mortgagor to be eligible  
25 for home mortgage bridge loan assistance pursuant to section twelve  
26 hundred fifty-five of this article, the division shall directly pay any  
27 mortgagee secured by the mortgagor's real estate such amounts as are  
28 necessary to bring the mortgage current, without regard to any acceler-  
29 ation of the debt under the mortgage. In the alternative, the division  
30 shall pay to the mortgagee any alternate mortgage payments agreed by the  
31 mortgagee and mortgagor. In addition, the division shall pay reasonable  
32 costs incurred by the mortgagee prior to the division's grant of home  
33 mortgage bridge loan assistance to the mortgagor.

34 2. Mortgage payments subsequent to initial payment of arrearages.  
35 After the division has paid any and all arrearages pursuant to subdivi-  
36 sion one of this section, the division shall make monthly mortgage  
37 assistance payments to the mortgagee on behalf of the mortgagor, and  
38 shall collect monthly payments from the mortgagor in amounts determined  
39 pursuant to the following formula: the mortgagor's monthly payments to  
40 the division to cover the mortgagor's share of total housing expense  
41 shall be in an amount that does not exceed forty percent of the  
42 mortgagor's net effective income. The mortgagor's payments to the divi-  
43 sion shall be made at least seven days prior to the due date of each  
44 mortgage payment to the mortgagee, and upon receipt thereof the division  
45 shall send the full mortgage payment directly to the mortgagee.

46 3. Mortgage bridge loan assistance payments as loans. (a) The amount  
47 by which the sum of any home mortgage bridge loan assistance payments  
48 made by the division to mortgagees exceeds the sum of payments made by  
49 the mortgagor to the division, plus any amounts paid by the division to  
50 the mortgagee under subdivision one of this section, shall constitute a  
51 loan extended by the division to the mortgagor. Such loan shall be  
52 evidenced by such documents as the commissioner shall determine. It  
53 shall also be secured, and subject to repayment with interest, as  
54 described in paragraphs (b) and (c) of this subdivision.

55 (b) Repayment of home mortgage bridge loan assistance shall be secured  
56 by a mortgage lien on the mortgaged property and by such other obli-



1 gations as the commissioner may require. The priority of any such lien  
2 obtained by the division pursuant to this article shall be determined in  
3 the same manner as the lien of a general secured creditor of the mortga-  
4 gor. Neither this lien nor any other security interest taken by the  
5 division shall be deemed to take priority over any other secured lien or  
6 secured interest in effect against the mortgagor's property on the date  
7 that home mortgage bridge loan assistance payments commence. The commis-  
8 sioner may allow subordination of the home mortgage bridge loan assist-  
9 ance lien if necessary to enable the mortgagor to obtain a home improve-  
10 ment loan necessary to preserve the value of the property.

11 (c) Upon approval of an application for home mortgage bridge loan  
12 assistance, the division shall enter into an agreement with the mortga-  
13 gor for repayment of all such assistance provided by the division, with  
14 interest, as follows:

15 (i) if forty percent of the mortgagor's net effective income equals an  
16 amount that is greater than total housing expense, that amount shall be  
17 paid to the division, unless otherwise determined by the commissioner  
18 after examination of the mortgagor's financial circumstances and ability  
19 to contribute to repayment of the assistance;

20 (ii) if forty percent of the mortgagor's net effective income equals  
21 an amount that is less than total housing expense, repayment of home  
22 mortgage bridge loan assistance shall be deferred until forty percent of  
23 the mortgagor's net effective income equals an amount that is greater  
24 than total housing expense;

25 (iii) the commissioner shall establish procedures for periodic review  
26 of a mortgagor's total housing expense and net effective income with a  
27 view to determining payment amounts that are due to the division pursu-  
28 ant to this section;

29 (iv) if repayment of home mortgage bridge loan assistance has not been  
30 made by the date that any mortgage has been paid, the mortgagor shall  
31 make home mortgage bridge loan assistance repayments in an amount not  
32 less than the mortgage payments until the assistance is repaid;

33 (v) interest shall accrue upon all home mortgage bridge loan assist-  
34 ance payments made by the division on behalf of the mortgagor at a rate  
35 per annum that is equal to the state's cost of funding or at some other  
36 rate per annum which takes into consideration other relevant funding  
37 costs, as determined by the commissioner. Interest shall accrue from the  
38 time the mortgagor commences repayment under this section, and shall  
39 accrue only during the period over which the mortgagor is required to  
40 make such repayment. When any mortgage for which home mortgage bridge  
41 loan assistance payments are made is paid, interest shall then accrue on  
42 all such assistance due and owing at the same rate and on the same basis  
43 as the mortgage for which the assistance payments were made; and

44 (vi) all moneys received from mortgagors for repayment of home mort-  
45 gage bridge loan assistance shall be deposited in the home mortgage  
46 bridge loan assistance fund established in section eighty-nine-i of the  
47 state finance law.

48 4. Duration of home mortgage bridge loan assistance payments.  
49 Payments made pursuant to this article shall be provided for a period  
50 not to exceed thirty-six months, consecutively or non-consecutively in  
51 an aggregate amount which does not exceed sixty thousand dollars. The  
52 commissioner shall establish procedures for periodic review of the  
53 mortgagor's financial circumstances for purposes of determining whether  
54 continuation, termination or adjustment of home mortgage bridge loan  
55 assistance payments is warranted in light of any eligibility require-  
56 ments pursuant to this article.

1 5. Delinquency in payments owed to the division. Should a mortgagor  
2 fail to pay to the division any amounts owed under this section within  
3 fifteen days of the due date, the commissioner shall review the  
4 mortgagor's financial circumstances in order to determine whether the  
5 delinquency is a result of a change in the mortgagor's financial circum-  
6 stances. If such a determination is made, the commissioner may modify  
7 the mortgagor's required payments. If failure to pay is not determined  
8 to be due to a material deterioration in the mortgagor's financial  
9 circumstances, the commissioner shall terminate assistance and notify  
10 the mortgagee that assistance has been terminated. The mortgagee may  
11 thereafter take any legal action necessary to enforce its mortgage with-  
12 out further restriction pursuant to this article.

13 6. Delinquency in meeting obligations to mortgagees. Should any mort-  
14 gagee scheduled to receive payments from the division pursuant to this  
15 article not receive any such payment within thirty days of its scheduled  
16 due date, or should the mortgagor fail to observe and perform all terms,  
17 covenants, and conditions of the mortgage, the mortgagee may, at any  
18 time thereafter, take any legal action to enforce the mortgage without  
19 further restriction pursuant to this article.

20 § 2. The state finance law is amended by adding a new section 89-i to  
21 read as follows:

22 § 89-i. Home mortgage bridge loan assistance fund. 1. There is hereby  
23 established in the custody of the state comptroller a special fund to be  
24 known as the "home mortgage bridge loan assistance fund". Monies in such  
25 fund shall be kept separate from and not commingled with other funds  
26 held in the custody of the state comptroller.

27 2. The home mortgage bridge loan assistance fund shall consist of  
28 moneys appropriated thereto, funds transferred from any other fund or  
29 source, moneys paid to the division of housing and community renewal by  
30 mortgagors for repayment of home mortgage bridge loan assistance  
31 payments pursuant to article twenty-eight of the private housing finance  
32 law, moneys received as grants and other provisions of funds by finan-  
33 cial institutions for the purpose of receiving credit pursuant to the  
34 Community Reinvestment Act of 1977, and all revenues received from  
35 contributions, donations and all other moneys credited thereto.

36 3. The moneys of the home mortgage bridge loan assistance fund, upon  
37 appropriation thereof, shall be expended by the division of housing and  
38 community renewal solely for the purposes of article twenty-eight of the  
39 private housing finance law.

40 4. The state comptroller, in consultation with the commissioner of  
41 housing and community renewal, may establish accounts within the home  
42 mortgage bridge loan assistance fund based on the sources of the revenue  
43 into such fund or any other purpose which is consistent with the  
44 provisions of article twenty-eight of the private housing finance law;  
45 provided, however, that the comptroller shall establish a separate  
46 account called the "community reinvestment act account" which shall  
47 include the moneys deposited into the fund by financial institutions in  
48 accordance with the provisions of the Community Reinvestment Act of  
49 1977, as amended.

50 § 3. This act shall take effect immediately.