STATE OF NEW YORK

8915

IN SENATE

August 14, 2020

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

AN ACT to amend the real property actions and proceedings law, in relation to prohibiting the registration of mortgages in default prior to the filing of a notice of pendency

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

Section 1. The real property actions and proceedings law is amended by adding a new section 1393 to read as follows:

§ 1393. Mortgages in default. 1. No local law, ordinance or resolution shall allow for the registration of residential mortgages in default prior to a mortgagee filing a notice of pendency in a court of competent jurisdiction.

2. No such local law, ordinance or resolution shall require a homeowner or occupant to register.

3. Any local law, ordinance or resolution that allows for the registration of residential mortgages in default may impose a registration fee not exceeding seventy-five dollars annually. A mortgagee and/or its agents are prohibited from passing along such fees to the mortgagor in default.

4. For the purposes of this section, a mortgage default occurs when a mortgagor fails to fulfill its obligations under a mortgage agreement.

5. "Registration" shall mean the collection, publication or posting, public or otherwise, of residential mortgages in default by a local governing body or an agency thereof, or any third-party entity that contracts with such local governing body.

6. "Notice of pendency" shall have the same meaning as defined in section sixty-five hundred one of the civil practice law and rules.

7. A local governing body, through a local law, ordinance or resolution, may impose a fine on a mortgagee for noncompliance with this section or any local law, ordinance or resolution that allows for the registration of residential mortgages in default. A mortgagee and/or its agents are prohibited from passing along such fines to the mortgagor in default.

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

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8. The provisions of this section shall supersede any local law, ordinance, or resolution requiring the registration of mortgages in default that was enacted prior to the effective date of this section.

§ 2. This act shall take effect immediately.