STATE OF NEW YORK

1611

2021-2022 Regular Sessions

IN ASSEMBLY

January 11, 2021

Introduced by M. of A. CARROLL, DINOWITZ, GLICK, ENGLEBRIGHT, SIMON -- read once and referred to the Committee on Banks

AN ACT in relation to requiring the forbearance of residential mortgage payments for any mortgagor who demonstrates financial hardship as a result of the COVID-19 pandemic

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

Section 1. 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;

(b) "banking institution" means any banking organization as defined under the banking law; and

(c) "trial period plan" means an agreement whereby the mortgagor is required to make trial payments in full and on-time in order to be considered for a permanent loan modification.

2. Notwithstanding any other provision of law, banking 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 mortgagor who demonstrates financial hardship as a result of the COVID-19 pandemic including, but not limited to, those who are already in arrears or on a trial period plan or who have applied for loss mitigation;

(b) grant such forbearance for a period of at least one year to any such mortgagor who demonstrates financial hardship including, but not limited to, those who are already in arrears or on a trial period plan or who have applied for loss mitigation; and

(c) extend the term of the loan for the length of the period of forbearance.

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

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3. Notwithstanding any other provision of law, adherence with this section shall be a condition precedent to commencing a foreclosure action stemming from missed payments which would have otherwise been subject to this section. A defendant may raise the violation of this section as a defense to a foreclosure action commenced on the defendant's property when such action is based on missed payments that would have otherwise been subject to this section.

4. Notwithstanding any other provision of law, any interest collected on a mortgage which was granted a forbearance under this section in the last year of such mortgage shall not be taxable as for the banking institution.

§ 2. This act shall take effect immediately.