STATE OF NEW YORK

4056

2021-2022 Regular Sessions

IN SENATE

February 2, 2021

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

AN ACT to amend the general obligations law, in relation to pre-payment penalties for mortgages secured by real property owned in a cooperative form of ownership

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

Section 1. Paragraph b of subdivision 3 of section 5-501 of the general obligations law, as amended by chapter 472 of the laws of 2008, is amended to read as follows:

b. notwithstanding any other provision of law, the unpaid balance of the loan or forbearance may be prepaid, in whole or in part, at any time. If prepayment is made on or after one year from the date the loan or forbearance is made, no penalty may be imposed. If prepayment is made prior to such time, no penalty may be imposed unless provision therefor is expressly made in the loan contract, provided that no penalty may be imposed if prohibited by sections six-l and six-m of the banking law. **No prepayment penalty or fee shall be charged or collected on a loan or forbearance secured by real property owned in a cooperative form of ownership where over fifty percent of the units are shareholder occupied. Such prepayment penalty shall be unenforceable.** In all cases, the right of prepayment shall be stated in the instrument evidencing the loan or forbearance, provided, however, that the provisions of this subdivision shall not apply to the extent such provisions are inconsistent with any federal law or regulation.

§ 2. This act shall take effect immediately.

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

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