

STATE OF NEW YORK

1599

2021-2022 Regular Sessions

IN SENATE

January 14, 2021

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 real property actions and proceedings law, in relation to imposing a temporary ban on the commencement of mortgage foreclosure actions and the sale of foreclosed properties; and providing for the repeal of such provisions upon expiration thereof

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

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

3 § 1393. Temporary ban on foreclosure actions and sales of foreclosed
4 properties. 1. Except with respect to a vacant or abandoned property,
5 state regulated servicers, banks and/or credit unions of a mortgage loan
6 may not initiate any judicial process, move for a foreclosure judgment
7 or execute a foreclosure-related eviction or foreclosure sale of real
8 properties for twelve months after the date that the covered period
9 ends.

10 2. (a) During such moratorium period, state regulated mortgagees,
11 lenders or servicers are required to either: (i) send the borrower a
12 notice of default in accordance with the term of the mortgage loan,
13 which shall include a list of state certified housing counseling agen-
14 cies and a list of state funded legal services where the property is
15 located. This requirement is not a substitute for the notice required
16 under section thirteen hundred four of this article; (ii) participate in
17 the mandatory settlement conference pursuant to rule thirty-four hundred
18 eight of the civil practice law and rules for all pending foreclosure
19 actions including actions where the mortgagor appeared at a prior
20 settlement conference and the case was marked unsettled. This require-
21 ment shall not apply to pending foreclosure actions where a mortgagor
22 has not appeared at a prior settlement conference; or (iii) engage the

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

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1 mortgagors in a pre-foreclosure workout to negotiate in good faith a
2 modification or forbearance agreements in accordance with rule thirty-
3 four hundred eight of the civil practice law and rules.

4 (b) The mortgagors must demonstrate compliance with this requirement
5 in order to commence or proceed with a foreclosure action after the
6 covered period has expired. Failure to demonstrate compliance shall be
7 an affirmative defense to the foreclosure action and/or the borrower may
8 request a bad faith hearing for the lender or servicer non-compliance
9 with rule thirty-four hundred eight of the civil practice law and rules.
10 Should the court find the lender or servicer failed to negotiate a
11 modification or forbearance agreement in good faith, the court may waive
12 all interest accrued on the loan during the moratorium.

13 3. For the purposes of this section, the term "the covered period"
14 shall mean from the date the governor declared a state of disaster emer-
15 gency or March seventh, two thousand twenty until three hundred sixty-
16 five days after the date the last region and/or county of New York state
17 entered phase three of the governor's reopening plan for the state
18 relating to the COVID-19 pandemic.

19 § 2. This act shall take effect immediately and shall expire and be
20 deemed repealed 1 year after such effective date.