

# STATE OF NEW YORK

3793

2021-2022 Regular Sessions

## IN SENATE

January 30, 2021

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

AN ACT to amend the real property law, in relation to the provision of certain information to mortgagors of reverse mortgages issued under the federal home equity conversion mortgage for seniors program

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

1 Section 1. The real property law is amended by adding a new section  
2 280-c to read as follows:

3 § 280-c. Federal home equity conversion mortgage information summary  
4 sheet. 1. For the purposes of this section the following terms shall  
5 have the following meanings:

6 (a) Reverse mortgage loan. A reverse mortgage loan as defined in  
7 section two hundred eighty of this article, which is issued in this  
8 state pursuant to the home equity conversion mortgage for seniors  
9 program operated by the federal Department of Housing and Urban Develop-  
10 ment.

11 (b) Authorized lender. An authorized lender as defined in section two  
12 hundred eighty of this article authorized to make reverse mortgage  
13 loans, as defined in this section.

14 (c) Mortgagor. A mortgagor as defined in section two hundred eighty of  
15 this article.

16 (d) Department. The department of financial services established  
17 pursuant to section one hundred two of the financial services law.

18 2. The department shall establish and distribute to authorized lend-  
19 ers, and periodically update, a New York state home equity conversion  
20 information summary. Such summary shall include, but not be limited to:

21 (a) notice that reverse mortgage loans are not free or cost free, and  
22 such loans have associated costs that are included in the financing  
23 thereof;

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

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1 (b) a schedule of payments to be made to and from the mortgagor, and  
2 the total payment for both the mortgagee and the authorized lender over  
3 the term of the reverse mortgage loan contingent upon the type of such  
4 loan being offered;

5 (c) a statement advising mortgagors to consult with licensed profes-  
6 sionals regarding the tax and estate planning consequences of reverse  
7 mortgage loans;

8 (d) where applicable, a description of the prepayment and refinancing  
9 provisions of the reverse mortgage loan;

10 (e) an explanation and itemization of the potential costs of reverse  
11 mortgage loans, including the rate of interest and total interest paya-  
12 ble on such loan;

13 (f) a summary of actions or conditions that will constitute a default  
14 of the reverse mortgage loan;

15 (g) a summary and explanation of alternatives to entering into a  
16 reverse mortgage loan on the basis of economic hardship including, but  
17 not limited to, direct sale of the residence, social safety net  
18 programs, debt consolidation or economic counseling;

19 (h) information on a mortgagor's basic rights in the foreclosure proc-  
20 ess;

21 (i) a summary of the real property tax exemptions which are available  
22 to the mortgagor in order to reduce his or her cost of living;

23 (j) information about New York state-based organizations that provide  
24 federal Department of Housing and Urban Development certified reverse  
25 mortgage counseling;

26 (k) information on legal assistance and advocacy organizations and  
27 services which provide assistance to mortgagors in the event that  
28 complications or issues arise relating to the reverse mortgage loan; and

29 (l) such other information as the department shall deem necessary to  
30 fully inform mortgagors of their rights and responsibilities under a  
31 reverse mortgage loan.

32 3. Not less than five days prior to the closing upon a reverse mort-  
33 gage loan, the authorized lender shall provide the mortgagor with a  
34 completed New York state home equity conversion information summary in  
35 duplicate. Each mortgagor shall sign both copies of such summary,  
36 attesting that he or she has read and fully understands the summary. One  
37 copy thereof shall be retained by the authorized lender and the other  
38 shall be retained by the mortgagor's attorney.

39 4. The provision of the information summary established by this  
40 section is integral to the execution of a reverse mortgage loan, thus in  
41 the absence of such a summary the related reverse mortgage loan shall be  
42 null and void.

43 5. Any person who has been injured by reason of any violation of this  
44 section or the rules and regulations related thereto may bring an action  
45 in his or her own name to recover treble his or her actual damages, plus  
46 the prevailing plaintiff's reasonable attorneys fee.

47 6. The superintendent of financial services is authorized to promul-  
48 gate any rules or regulations he or she deems necessary to implement the  
49 provisions of this section.

50 § 2. This act shall take effect on the one hundred twentieth day after  
51 it shall have become a law. Effective immediately, the addition, amend-  
52 ment and/or repeal of any rule or regulation necessary for the implemen-  
53 tation of this act on its effective date are authorized to be made and  
54 completed on or before such effective date.