STATE OF NEW YORK

6236

2021-2022 Regular Sessions

IN SENATE

April 16, 2021

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

AN ACT to amend the banking law, in relation to enacting the "COVID-19 Foreclosure Relief Act of 2021"; 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:

Section 1. This act shall be known and may be cited as the "COVID-19 Foreclosure Relief Act of 2021".

§ 2. The banking law is amended by adding a new section 9-y to read as follows:

§ 9-y. Property tax reimbursement. 1. For purposes of this section, "regulated institution" shall mean any New York regulated banking organization as defined in this article and any New York regulated mortgage servicer entity subject to supervision by the department.

2. The superintendent is hereby authorized and directed to implement and administer a property tax reimbursement program for regulated institutions. Such program shall be funded solely from funds received pursuant to the American Rescue Plan Act of 2021. The superintendent and each locality in receipt of funds from the American Rescue Plan Act of 2021, shall work jointly to ensure that the allocation of funds for this program, whether granted to the state or directly to such localities, is equal to one billion dollars. The superintendent may delegate the implementation or administration of any portion of this program to any state agency, city, county or town in accordance with the provisions of this section.

3. Regulated institutions that fund or have funded a mortgagor's property taxes shall be eligible for reimbursement of such funds if:

(a) the mortgagor is an individual whose primary residence is located in New York and is encumbered by a home loan pursuant to paragraph (a) of subdivision six of section thirteen hundred four of the real property

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

LBD10621-02-1

actions and proceedings law or whose primary residence is located in New York and is encumbered by any loan otherwise meeting the requirements of a home loan under paragraph (a) of subdivision six of section thirteen hundred four of the real property actions and proceedings law, from or serviced by a regulated institution;

(b) the mortgagor has defaulted on such home loan or such loan otherwise meeting the requirements of a home loan on or after January twenty-first, two thousand twenty; and

(c) the regulated institution funds or has funded such mortgagor's property taxes on or after January twenty-first, two thousand twenty.

4. As soon as practicable and no later than thirty days after the effective date of this section, the superintendent shall establish a process for regulated institutions to apply for such reimbursement. Such process shall be made accessible online and shall be distributed to regulated institutions throughout the state.

5. The superintendent shall establish procedures to ensure the eligibility of, and equitable distribution to, regulated institutions applying for or receiving assistance under this section. Required documentation shall include proof of funding of property taxes by such regulated institution.

6. Upon receipt of the reimbursement payment for property taxes paid, the institution shall mail the mortgagor a streamlined modification offer within thirty days. Upon the mortgagor's acceptance of the modification offer, the institution shall immediately:

(a) reinstate the mortgagor's loan and request that all consumer credit agencies remove all negative or derogatory comments from the mortgagor's consumer credit report made on or after January twenty-first, two thousand twenty;

(b) stop all pre-foreclosure actions; and/or

(c) discontinue all pending foreclosure actions and vacate any judgment of foreclosure and sale, where applicable.

7. Notwithstanding any provision of law to the contrary, no repayment of property taxes and/or school taxes shall be required by a mortgagor for payments funded by a regulated institution on behalf of such mortgagor, for taxes funded between January twenty-first, two thousand twenty until the later of December thirty-first, two thousand twenty-one or the expiration of the state disaster emergency issued in response to the COVID-19 pandemic.

§ 3. This act shall take effect immediately and shall expire and be deemed repealed upon the allocation of all available funding pursuant to subdivision 2 of section 9-y of the banking law, as added by section two of this act; provided that the superintendent of financial services shall notify the legislative bill drafting commission upon the date on which all available funding has been allocated pursuant to subdivision 2 of section 9-y of the banking law, in order that the commission may maintain an accurate and timely effective data base of the official text of the laws of the state of New York in furtherance of effectuating the provisions of section 44 of the legislative law and section 70-b of the public officers law.