

STATE OF NEW YORK

1541

2023-2024 Regular Sessions

IN SENATE

January 12, 2023

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

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

13 (c) A mortgagor as defined in section two hundred eighty of this arti-
14 cle.

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

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

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

23 (b) a schedule of payments to be made to and from the mortgagor, and
24 the total payment for both the mortgagee and the authorized lender over

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

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1 the term of the reverse mortgage loan contingent upon the type of such
2 loan being offered;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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