

STATE OF NEW YORK

180

2023-2024 Regular Sessions

IN SENATE

(Prefiled)

January 4, 2023

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

AN ACT to amend the real property law, in relation to establishing security deposit options for certain tenants

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
2 238-b to read as follows:

3 § 238-b. Security deposit. 1. A landlord who requires a security
4 deposit to be paid by a tenant which is covered by the provisions of
5 sections 7-107 and 7-108 of the general obligations law shall also be
6 required to offer to accept at least one of the following options in
7 lieu of such security deposit:

8 a. Payment of any security deposit over a series of no less than six
9 equal monthly installment payments, which installments shall be due on
10 the same day as the monthly rent payment and which may be paid together
11 with the monthly rent payment in a single transaction, absent a separate
12 agreement between such landlord and tenant;

13 b. Payment of a reduced security deposit which shall be no more than
14 fifty percent of the amount of one month's rent under such contract; or

15 c. If such tenant qualifies, payment of any deposit pursuant to 18
16 NYCRR 352.6.

17 2. In addition to the options in subdivision one of this section in
18 lieu of a security deposit, a landlord may accept rental security insur-
19 ance, defined as a surety bond or insurance policy issued by a
20 licensed carrier in the state of New York that guarantees or indemnifies
21 a tenant after default of a financial obligation under the rental
22 agreement. If the landlord wishes to offer or suggest rental security
23 insurance that is provided by itself or a separate company, the rental
24 security insurance offered must satisfy the following criteria:

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

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1 a. the insurance provider is an approved carrier licensed by the
2 department of financial services pursuant to article eleven of the
3 insurance law;

4 b. the coverage is effective upon the payment of the first premium or
5 fee and remains effective for the entire lease term;

6 c. any dispute under the coverage cannot require arbitration and waive
7 the tenant's right to go to court;

8 d. the amount paid by the tenant cannot exceed the amount of the
9 coverage;

10 e. the tenant cannot be liable to the insurance provider for any
11 claims paid out to the landlord; and

12 f. the coverage provided per claim is no less than the amount such
13 landlord requires for security deposits.

14 3. A tenant who elects to provide rental security insurance, pursuant
15 to paragraph a of subdivision one of this section, in lieu of a required
16 security deposit shall not be required to provide additional security or
17 insurance coverage per claim in an amount greater than the amount
18 required for the security deposit.

19 4. Such landlord shall not impose any additional fees or interest on a
20 tenant that pays their security deposit in an alternate manner pursuant
21 to subdivision one of this section.

22 5. Any agreement to pay a security deposit in installments shall be
23 included within such contract, lease or agreement and shall specify the
24 total deposit amount due and the amount due for each installment.

25 6. Prior to entering into a contract, lease or rental agreement a
26 landlord shall provide the tenant written notice of the available secu-
27 rity deposit alternatives and include the following language: "If a
28 security deposit is required, tenant has the right to request and land-
29 lord is required to accept one of the following three alternatives: a. a
30 deposit paid over no less than six equal monthly installments; b. a
31 one-time reduced security deposit payment of no more than fifty percent
32 of the monthly rental rate charged for the rental unit; or c. if such
33 tenant qualifies, a deposit paid through the department of social
34 services grant program pursuant to 18 NYCRR 352.6. Tenant shall not be
35 required to provide rental security insurance coverage per claim in an
36 amount greater than the amount required for the security deposit".

37 7. The requirements of this section shall be considered source of
38 income as defined by subdivision thirty-six of section two hundred nine-
39 ty-two of the executive law and any violation of this section may be a
40 violation of section two hundred ninety-six of the executive law.

41 § 2. This act shall take effect on the thirtieth day after it shall
42 have become a law. Effective immediately, the addition, amendment and/or
43 repeal of any rule or regulation necessary for the implementation of
44 this act on its effective date are authorized to be made and completed
45 on or before such effective date.