

# STATE OF NEW YORK

5597--A

2023-2024 Regular Sessions

## IN SENATE

March 8, 2023

Introduced by Sen. COMRIE -- read twice and ordered printed, and when printed to be committed to the Committee on Banks -- recommitted to the Committee on Banks in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the banking law, in relation to what mortgage applicants need to know pamphlet on residential mortgages

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

1 Section 1. The banking law is amended by adding a new section 35 to  
2 read as follows:

3 § 35. Information pamphlet for residential mortgage applicants. 1.  
4 The superintendent shall develop a pamphlet known as "what mortgage  
5 applicants need to know" and post such pamphlet on the department's web  
6 site. Such pamphlet shall be posted and printed in the six most common  
7 non-English languages spoken by individuals with limited-English profi-  
8 ciency in New York state as based on the most recent census. Copies of  
9 such pamphlet shall be provided to all licensed lenders and banking  
10 organizations offering residential mortgage services. A copy of such  
11 pamphlet shall be provided by licensed lenders, mortgage bankers and  
12 other banking organizations to each person before such person enters  
13 into an application for a loan secured by a mortgage upon residential  
14 real estate. Should such applicant apply for a mortgage online, the  
15 licensed lender, mortgage banker or other banking organization shall  
16 provide the applicant with the pamphlet via electronic communications,  
17 including but not limited to, electronic mail or a hyperlink to the  
18 pamphlet posted on the department's web site.

19 2. The pamphlet and web site notice developed pursuant to this section  
20 shall include the following, along with other information added at the  
21 discretion of the superintendent not otherwise inconsistent with the  
22 information set forth in the pamphlet:

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

LBD04048-02-4

1 "WHAT MORTGAGE APPLICANTS NEED TO KNOW

2 As an applicant for a residential mortgage you have the right to:

3 1. Compare and negotiate the charges of different mortgage brokers and  
4 lenders to obtain the best loan possible.

5 2. Ask your mortgage broker to explain his or her responsibilities  
6 within the mortgage lending process.

7 3. Know how much the mortgage broker is compensated by you and the  
8 lender for your loan.

9 4. A clear and truthful explanation of the terms and conditions of the  
10 loan.

11 5. Know if the loan being offered is a fixed or adjustable rate mort-  
12 gage loan, whether the loan can be transferred or refinanced, know the  
13 exact amount of your monthly loan payments, including any projected  
14 escrow payments, know the final annual percentage rate (APR) and the  
15 amount of regular payments at the loan's closing.

16 6. Ask for a good faith estimate of all loan and settlement charges  
17 before you agree to the loan and pay any fees, including without limita-  
18 tion loan application fees, title search and insurance fees, lender's  
19 attorney fees, property appraisal charges, inspections, recording fees,  
20 late payment fees, transfer taxes, point and origination fees, escrow  
21 account balances, which services a loan applicant can shop for and which  
22 they cannot, and you are entitled to receive such estimate within three  
23 business days of applying for a loan.

24 7. Obtain credit counseling before closing a loan.

25 8. Decide whether or not to finance any portion of the points or fees.

26 9. Refuse to purchase credit insurance for any mortgage loan.

27 10. Have your property appraised by an independent licensed profes-  
28 sional and to receive a copy of the appraisal.

29 11. Not be subject to deceptive marketing practices.

30 12. Ask for the HUD settlement costs booklet, "buying your home".

31 13. Receive the following documents, and every document otherwise  
32 required to be given to you at closing under federal and New York state  
33 law:

34 a. Good faith estimate

35 b. Truth in lending

36 c. HUD-1 statement.

37 14. Know what deposits and fees are not refundable if you decide to  
38 cancel the loan agreement.

39 15. Receive in writing the reason for the denial or conditional  
40 approval of your loan application.

41 16. If refinancing, you may cancel a loan within three days of the  
42 closing by providing written notification of cancellation to the  
43 licensed lender or banking institution.

44 17. Receive the HUD-1 document one day before the closing takes place.

45 18. Have any lending disputes resolved in a fair and equitable manner.

46 19. A credit decision that is not based upon your race, color,  
47 national origin, religion, sex, family status, sexual orientation, disa-  
48 bility or whether any income is from public assistance.

49 20. File a complaint with the department or the Consumer Financial  
50 Protection Bureau if you believe that a mortgage broker or any other  
51 entity licensed by the department or the Consumer Financial Protection  
52 Bureau has violated any rules, regulations or laws which govern his or  
53 her conduct in working with you to get or process a mortgage loan.

54 21. File a complaint with the New York state department of state or  
55 the Consumer Financial Protection Bureau if you believe that a real

1 estate broker has violated any rules, regulations or laws which govern  
2 his or her conduct in working with you to purchase a home."

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