STATE OF NEW YORK

5597--B

Cal. No. 125

2023-2024 Regular Sessions

IN SENATE

March 8, 2023

Introduced by Sens. COMRIE, JACKSON -- 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 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

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:

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

§ 35. Information pamphlet for residential mortgage applicants. 1. The superintendent shall develop a pamphlet known as "what mortgage applicants need to know" and post such pamphlet on the department's web site. Such pamphlet shall be posted and printed in the six most common non-English languages spoken by individuals with limited-English proficiency in New York state as based on the most recent census. Copies of such pamphlet shall be provided to all licensed lenders and banking organizations offering residential mortgage services. A copy of such pamphlet shall be provided by licensed lenders, mortgage bankers and other banking organizations to each person applying for a loan secured by a mortgage upon residential real estate in accordance with the timing requirements under 12 CFR § 1026.19(e)(1)(iii). A licensed lender, mortgage banker or other banking organization may provide the applicant with the pamphlet via electronic communications, including but not limited to, electronic mail or a hyperlink to the pamphlet posted on the department's web site.

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

LBD04048-05-4

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

""WHAT MORTGAGE APPLICANTS NEED TO KNOW"

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

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

2. Ask your mortgage broker to explain such person's responsibilities within the mortgage lending process.

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

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

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

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

7. Obtain credit counseling before closing a loan.

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

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

10. Have your property appraised by an independent licensed professional and to receive a copy of the appraisal.

11. Not be subject to deceptive marketing practices.

12. Ask for the consumer financial protection bureau's booklet "Your home loan toolkit".

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

a. Loan estimate,

b. Closing disclosure.

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

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

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

17. Receive the closing disclosure three days before the closing takes place.

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

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

20. File a complaint with the department or the Consumer Financial Protection Bureau if you believe that a mortgage broker or any other entity licensed by the department or the Consumer Financial Protection

Bureau has violated any rules, regulations or laws which govern such person's conduct in working with you to get or process a mortgage loan.

21. File a complaint with the New York state department of state or the Consumer Financial Protection Bureau if you believe that a real estate broker has violated any rules, regulations or laws which govern such person's conduct in working with you to purchase a home."

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