STATE OF NEW YORK

6987

2023-2024 Regular Sessions

IN SENATE

May 16, 2023

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 allowing for mortgagors to cancel or renegotiate forbearance agreements made during a state disaster emergency

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 9-l to read as follows:

§ 9-l. Cancellation or renegotiation of forbearance agreements executed during a state disaster emergency. 1. As used in this section, the following terms shall have the following meanings:

(a) "covered period" means the period beginning on the date on which a state disaster emergency, including, but not limited to, the COVID-19 pandemic, begins and ending on the date that is thirty days after the date on which such state disaster emergency ends.

(b) "qualified mortgagor" means an individual who resides in New York whose principal dwelling is encumbered by a home loan pursuant to paragraph (a) of subdivision six of section thirteen hundred four of the real property actions and proceedings law or whose principal dwelling is a co-operative unit whose shares are 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.

(c) "regulated institution" means any New York regulated banking organization as defined under this chapter and any New York regulated mortgage servicer entity subject to the authority of the department.

2. Notwithstanding any other provision of law, New York regulated institutions shall provide qualified mortgagors who have executed a forbearance agreement with such regulated institution the option to

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

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cancel or renegotiate the terms of such agreement if such agreement was executed during a covered period and:

(a) includes terms which exclude the option of placing missed loan payments on the back-end of the loan which is subject of such forbearance agreement; or

(b) requires missed loan payments be made up in full within a period of less than twelve months from the date of such agreement.

3. Notwithstanding anything to the contrary in this section, this section shall not apply to, and does not affect any mortgage loans made, insured, or securitized by any agency or instrumentality of the United States, any government sponsored enterprise, or a federal home loan bank, or the rights and obligations of any lender, issuer, servicer or trustee of such obligations, including servicers for the Government National Mortgage Association.

§ 2. This act shall take effect immediately.