STATE OF NEW YORK

633

2023-2024 Regular Sessions

IN ASSEMBLY

January 10, 2023

Introduced by M. of A. STERN -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, the executive law and the veterans' services law, in relation to certain notices and services upon application for a mortgage guaranteed under the "Servicemen's Readjustment Act of 1944"; and providing for the repeal of certain provisions upon expiration thereof

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

Section 1. Section 6-p of the banking law, as added by a chapter of the laws of 2022 amending the banking law, the executive law and the veterans' services law relating to certain notices and services upon application for a mortgage guaranteed under the "Servicemen's Readjustment Act of 1944", as proposed in legislative bills numbers S. 8670-A and A. 9493-A, is REPEALED and a new section 6-p is added to read as follows:

§ 6-p. Loan counseling for mortgages guaranteed by the Servicemen's Readjustment Act of 1944. Every mortgage lending institution and mortgage banker which originates loans secured by real property used for residential purposes located in this state which are to be guaranteed under the Servicemen's Readjustment Act of 1944 shall provide a separate disclosure form with each application stating that a veteran seeking a housing loan under chapter 37 of title 38 of the United States Code has been offered loan counseling services. Such loan counseling services shall be provided by the department of veterans' services under section twenty-nine-a of the veterans' services law upon request of an applicant. The disclosure form required by this section shall be signed by each applicant and shall include information detailing how to access such counseling services.

§ 2. Section 354-f of the executive law, as added by a chapter of the laws of 2022 amending the banking law, the executive law and the veter-

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

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ans' services law relating to certain notices and services upon application for a mortgage guaranteed under the "Servicemen's Readjustment Act of 1944", as proposed in legislative bills numbers S. 8670-A and A. 9493-A, is amended to read as follows:

§ 354-f. Loan counseling for mortgages guaranteed by the Servicemen's Readjustment Act of 1944. Upon the request of any veteran, the division shall provide counseling and assistance to applicants for a mortgage loan guaranteed by the Servicemen's Readjustment Act of 1944. Such service shall be provided either directly or through a contract with a not-for-profit entity which has a Commercial and Government Entity (CAGE) code assigned by the federal System for Award Management and which is not owned by, affiliated with or operated by a mortgage company. Counselors shall be [~~licensed in this state as either a real estate broker or a mortgage broker~~] **certified by the United States department of housing and urban development under Part 214 of Title 24 of the Code of Federal Regulations**. Loan counseling and assistance shall include a review of the terms and restrictions of the loan[~~, information determined by the state director to be appropriate for a veteran seeking a housing loan under chapter 37 of title 38 of the United States Code,~~] and any other information which may be required under federal law, rule or regulation. **The division may promulgate regulations necessary to prevent any potential conflicts of interest between counselors and mortgage companies to ensure that any counseling and assistance provided under the provisions of this section shall be made in the best interest of the veteran seeking such mortgage loan.**

§ 3. Section 29-a of the veterans' services law, as added by a chapter of the laws of 2022 amending the banking law, the executive law and the veterans' services law relating to certain notices and services upon application for a mortgage guaranteed under the "Servicemen's Readjustment Act of 1944", as proposed in legislative bills numbers S. 8670-A and A. 9493-A, is amended to read as follows:

§ 29-a. Loan counseling for mortgages guaranteed by the Servicemen's Readjustment Act of 1944. Upon the request of any veteran, the [~~division~~] **department** shall provide counseling and assistance to applicants for a mortgage loan guaranteed by the Servicemen's Readjustment Act of 1944. Such service shall be provided either directly or through a contract with a not-for-profit entity which has a Commercial and Government Entity (CAGE) code assigned by the federal System for Award Management and which is not owned by, affiliated with or operated by a mortgage company. Counselors shall be [~~licensed in this state as either a real estate broker or a mortgage broker~~] **certified by the United States department of housing and urban development under Part 214 of Title 24 of the Code of Federal Regulations**. Loan counseling and assistance shall include a review of the terms and restrictions of the loan[~~, information determined by the state director to be appropriate for a veteran seeking a housing loan under chapter 37 of title 38 of the United States Code,~~] and any other information which may be required under federal law, rule or regulation. **The department may promulgate regulations necessary to prevent any potential conflicts of interest between counselors and mortgage companies to ensure that any counseling and assistance provided under the provisions of this section shall be made in the best interest of the veteran seeking such mortgage loan.**

§ 4. This act shall take effect on the same date and in the same manner as a chapter of the laws of 2022 amending the banking law, the executive law and the veterans' services law relating to certain notices and services upon application for a mortgage guaranteed under the

"Servicemen's Readjustment Act of 1944", as proposed in legislative bills numbers S. 8670-A and A. 9493-A, takes effect; provided that section one of this act shall take effect on the same date and in the same manner as section 2 of part PP of chapter 56 of the laws of 2022, takes effect; and provided, further that the amendments to section 354-f of the executive law made by section two of this act shall not affect the repeal of such section and shall expire and be deemed repealed therewith.