STATE OF NEW YORK

9536

IN ASSEMBLY

March 20, 2024

Introduced by M. of A. L. ROSENTHAL -- read once and referred to the Committee on Judiciary

AN ACT to amend the real property law, in relation to prohibiting the recording of conveyances suspected to be fraudulent

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

Section 1. Section 291 of the real property law, as amended by chapter 641 of the laws of 2019, is amended to read as follows:

§ 291. Recording of conveyances. **1.** A conveyance of real property, within the state, on being duly acknowledged by the person executing the same, or proved as required by this chapter, and such acknowledgment or proof duly certified when required by this chapter, may be recorded in the office of the clerk of the county where such real property is situated, and such county clerk or city registrar where applicable shall, upon the request of any party, on tender of the lawful fees therefor, record the same in said office.

(a) A county clerk or city registrar shall not register any conveyance for real property if the clerk or registrar has reason to believe that the conveyance is false or fraudulent in any manner. If the county clerk or city registrar has reason to believe or suspect that the conveyance is fraudulent, the office of the clerk or registrar shall conduct reasonable investigation into the transaction.

(b) If after reasonable investigation the transaction is suspected or believed to be false or fraudulent, the office of the clerk or the city registrar shall report the investigation to local law enforcement, or, if in the city of New York, the office of the sheriff.

(c) The office of the clerk or city registrar shall notify the buyer and seller of property of any investigation and provide the opportunity for each party to participate in the investigation.

2. Every such conveyance not so recorded is void as against any person who subsequently purchases or acquires by exchange or contracts to purchase or acquire by exchange, the same real property or any portion thereof, or acquires by assignment the rent to accrue therefrom as provided in section two hundred ninety-four-a of this article, in good

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

LBD13947-01-4

faith and for a valuable consideration, from the same vendor or assignor, his **or her** distributees or devisees, and whose conveyance, contract or assignment is first duly recorded, and is void as against the lien upon the same real property or any portion thereof arising from payments made upon the execution of or pursuant to the terms of a contract with the same vendor, his **or her** distributees or devisees, if such contract is made in good faith and is first duly recorded.

3. Notwithstanding the foregoing, any increase in the principal balance of a mortgage lien by virtue of the addition thereto of unpaid interest in accordance with the terms of the mortgage shall retain the priority of the original mortgage lien as so increased provided that any such mortgage instrument sets forth its terms of repayment.

4. The clerk of the county or city registrar where such conveyance of residential real property is recorded and maintained shall mail **via certified mail** a written notice of such conveyance to the owner of record. The notice shall have the heading printed in 20 point bold type and read as follows:

"NOTICE OF SALE OR TRANSFER OF OWNERSHIP OF YOUR RESIDENTIAL PROPERTY.

To:_____
Name of owner of record

Our records show that you are listed as the current owner of record for residential property:

Block #_____ Lot #_____

Located At: _____
street address

in the county of _____ New York
On _____, documents were filed at this
date
office to change ownership and transfer title of your property.

To: _____
name of new owner

If you have any questions regarding the validity of the documents, and wish to dispute the recording of the transfer, you should obtain legal counsel. If you believe you are a victim of a crime related to this recording, contact your local law enforcement agency or, if in the City of New York, the office of the sheriff."

The party seeking to record such conveyance shall bear the cost of such written notice. The clerk of the county or city registrar is entitled to charge a reasonable fee to cover the cost of mailing the envelope to the owner of record. Failure to mail such notice or the failure of any party to receive the same, shall not affect the validity of the conveyance of the property.

§ 2. This act shall take effect on the ninetieth day after it shall have become a law.