

STATE OF NEW YORK

9404--A

2025-2026 Regular Sessions

IN ASSEMBLY

December 19, 2025

Introduced by M. of A. SANTABARBARA -- read once and referred to the Committee on Banks -- recommitted to the Committee on Banks in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the banking law, in relation to the prohibition of lending institutions issuing unsolicited mail-loan checks

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

1 Section 1. Legislative findings. The legislature finds that unsolicited
2 "live loan checks" can mislead people into taking out loans they
3 never asked for. These checks often look like refunds or official
4 payments, but once deposited, they create a loan with high interest and
5 fees.

6 Many New Yorkers -- especially seniors, people with disabilities, and
7 families under financial stress -- are at risk of being harmed by this
8 practice.

9 The purpose of this act is to stop lenders from sending these unsolicited
10 checks and to protect consumers from accidentally entering into
11 unwanted loans.

12 § 2. Subdivision 3 of section 9-t of the banking law, as amended by
13 chapter 184 of the laws of 2022, is amended to read as follows:

14 3. (a) No lending institution shall issue a mail-loan check, except in
15 response to [a] an affirmative request or application therefor by the
16 person to whom it is issued.

17 (b) Issuance of a mail-loan check in response to such request or
18 application, or issuance of any replacement check, legitimate refund,
19 rebate, or government-issued check shall not constitute a violation of
20 paragraph (a) of this subdivision.

21 § 3. Section 9-t of the banking law is amended by adding two new
22 subdivisions 6 and 7 to read as follows:

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

LBD14226-02-6

1 6. Any debt, interest, fee or other obligation arising from a mail-
2 loan check issued in violation of this section shall be null and void
3 and unenforceable. No person, including any assignee or debt collector,
4 shall collect or attempt to collect such obligation, or report such
5 obligation to a credit reporting agency. Any amounts paid by a consumer
6 in connection with such obligation shall be refunded.

7 7. No lending institution shall, directly or indirectly, structure,
8 label or modify any mail-loan check or instrument, or use any device,
9 subterfuge or pretense, for the purpose of evading the requirements of
10 this section, including through the use of any affiliate, third-party
11 service provider, agent or arrangement.

12 § 4. This act shall take effect on the one hundred eightieth day after
13 it shall have become a law.