

# STATE OF NEW YORK

9588--B

## IN ASSEMBLY

January 21, 2026

Introduced by M. of A. TORRES, LEVENBERG, HEVESI, HYNDMAN -- read once and referred to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the banking law, in relation to prohibiting certain financial institutions from charging fees based on the frequency of mortgage payments or changing such payment schedule

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

1 Section 1. The banking law is amended by adding a new section 9-aa to  
2 read as follows:

3 § 9-aa. Fees for certain mortgage payments prohibited. 1. For the  
4 purposes of this section, the following terms shall have the following  
5 meanings:

6 (a) "Mortgage payment servicer" shall mean a mortgage loan servicer as  
7 defined in section five hundred ninety of this chapter, any banking  
8 organization, a licensed mortgage banker pursuant to article twelve-D of  
9 this chapter, an interstate branch established pursuant to article  
10 five-C of this chapter, or other person or entity, to the extent such  
11 person or entity, directly or indirectly, services, administers, or  
12 processes payments on a mortgage loan. Such term shall not include any  
13 national bank, federal savings bank, federal savings and loan asso-  
14 ciation, federal credit union, or any entity chartered or licensed by  
15 the United States;

16 (b) "Monthly" shall mean once per calendar month;

17 (c) "Semi-monthly" shall mean twice per calendar month; and

18 (d) "Biweekly" shall mean once every fourteen days.

19 2. (a) Notwithstanding any other provision of law or rule or regu-  
20 lation to the contrary, no mortgage payment servicer shall, directly or  
21 indirectly, charge a fee or other charge to a mortgagor for making  
22 payments on a mortgage loan on a monthly, semi-monthly, or biweekly  
23 schedule.

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

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1 (b) Such prohibited fees or other charges shall include, but not be  
2 limited to:

3 (i) additional costs, payments, fees, penalties, or premiums for  
4 changing between monthly, semi-monthly, and biweekly mortgage payment  
5 plans; and

6 (ii) payment of an additional principal or interest payment on a mort-  
7 gage, or any part thereof, as a condition for changing a mortgage  
8 payment schedule, except to the extent necessary to align the mortgage  
9 with the new payment schedule.

10 3. (a) No mortgage payment servicer shall prohibit a mortgagor from  
11 electing to pay a mortgage on a monthly, semi-monthly, or biweekly sche-  
12 dule. A mortgage payment servicer shall permit a mortgagor to change the  
13 frequency of such mortgagor's mortgage payments among such payment sche-  
14 dules.

15 (b) A mortgage payment servicer may require reasonable adjustments  
16 that are necessary to implement a change in payment schedule, including  
17 adjustments to align payment due dates or escrow obligations; provided  
18 that such adjustments are not used to evade or unreasonably restrict the  
19 requirements of this section.

20 4. (a) Notwithstanding any other provision of law or rule or regu-  
21 lation to the contrary, each mortgage payment servicer shall, upon  
22 request of a mortgagor, provide such mortgagor with an amortization  
23 schedule and an estimate of potential interest savings if such mortgagor  
24 were to choose a monthly, semi-monthly, or biweekly mortgage payment  
25 schedule and information on how to change to a different payment sched-  
26 ule.

27 (b) (i) The superintendent shall prescribe by regulation a standard-  
28 ized written notice to be provided to mortgagors informing them of their  
29 rights under this section, including, but not limited to, the right to  
30 elect and change the frequency of mortgage payments among monthly, semi-  
31 monthly, and biweekly payment schedules, and the prohibition on fees or  
32 other charges for such election or change.

33 (ii) Each mortgage payment servicer shall provide such notice to a  
34 mortgagor at the time a mortgage is originated or first serviced by such  
35 mortgage payment servicer and upon request of a mortgagor.

36 (iii) The superintendent may prescribe the form, manner, and timing of  
37 such notice, including whether such notice may be provided electron-  
38 ically.

39 5. If any provision of this section or its application to any person  
40 or circumstance is held invalid, the invalidity does not affect other  
41 provisions or application of this section which can be given effect  
42 without the invalid provision or application, and to this end the  
43 provisions of this section are severable.

44 6. Nothing in this section shall be construed to require any person or  
45 entity to act in a manner inconsistent with federal law or regulation,  
46 and to the extent of any conflict, federal law shall control.

47 7. A violation of this section shall constitute a violation of this  
48 chapter and shall be subject to all penalties and remedies available to  
49 the superintendent pursuant to this chapter and any other applicable  
50 law.

51 § 2. This act shall take effect on the one hundred eightieth day after  
52 it shall have become a law and shall apply to mortgage loans serviced on  
53 or after such effective date.