STATE OF NEW YORK

4579--A

2025-2026 Regular Sessions

IN SENATE

February 7, 2025

Introduced by Sens. HOYLMAN-SIGAL, JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Banks -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the banking law, in relation to prohibiting bank investments in bad faith landlords

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 13 to read as follows:

§ 13. Investments in bad faith landlords by state chartered banking institutions. 1. No state chartered banking institution or entity licensed pursuant to this chapter shall knowingly provide financing for or invest in the stocks, securities, or other obligations of any limited-liability company, partnership, corporation or any other entity that acquires, owns, sells, or manages real property, which itself, or a member, officer, partner, shareholder, or director of which:

(a) in the past year has granted a tenant an abatement of rent based on violations of the housing maintenance code, applicable housing standards, building code, health code or section two hundred thirty-five-b of the real property law;

(b) in the past year has violated sections 2525.4 or 2505.4 of title 9 of the New York codes, rules and regulations or sections 7-105 or 7-108 of the general obligations law;

(c) in the past five years has engaged in repeated fraudulent or illegal acts under subdivision twelve of section sixty-three of the executive law;

(d) in the past five years has engaged in deceptive acts or practices under section three hundred forty-nine of the general business law;

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

LBD04008-02-5

(e) in the past five years has violated sections 2525.5, 2505.6, 2205.1, or 2505.1 of title 9 of the New York codes, rules and regulations;

(f) owns a property with more than one open hazardous or immediately hazardous violation per dwelling unit within the past five years, as determined by the local housing standards department;

(g) owns a property subject to the alternative enforcement program under section 27-2153 of the administrative code of the city of New York;

(h) in the past five years has engaged in harassment as defined in section 27-2004 of the administrative code of the city of New York; or

(i) in the past five years has engaged in retaliation under section two hundred twenty-three-b of the real property law;

(j) in the past five years has violated section two hundred twenty-seven-f of the real property law; or

(k) in the past five years has violated paragraph a of subdivision five of section two hundred ninety-six of the executive law.

2. Subdivision one of this section shall not apply when any financing, loan, or investment will be used solely to cure an immediately hazardous violation of the uniform fire prevention and building code, New York city fire code, or New York city building and housing maintenance codes, if applicable, or to prevent a forseeable and imminent immediately hazardous violation of said codes.

3. (a) A state-chartered banking institution or other entity licensed pursuant to this chapter shall require an applicant for financing to self-certify that they are not covered by acts listed in subdivision one of this section or, if they are covered by acts listed in subdivision one of this section, that the applicant will use the financing solely for the purposes defined in subdivision two of this section.

(b) If an applicant wishes to qualify for an exemption under subdivision two of this section, an applicant must:

(i) Furnish records or reports to the creditor testifying to the immediately hazardous condition to be cured or prevented; and

(ii) Furnish plans or statements to the creditor testifying to the scope and cost of work to be performed.

4. An applicant who makes a false certification or furnishes false records, reports, plans, statements, or any other documents or evidence to receive financing under this section shall be subject to a civil penalty not less than ten thousand dollars nor more than fifty thousand dollars.

5. The superintendent shall promulgate regulations necessary to effectuate the provisions of this section, including:

(a) regulations specifying the evidence applicants must furnish under paragraph (b) of subdivision three of this section prior to and upon completion of work undertaken to correct or to prevent an immediately hazardous condition;

(b) a sample certification form creditors may use to comply with the requirements of this section.

6. For purposes of this section, "state chartered banking institution" shall have the same meaning as defined in subdivision one of section twelve-a of this article.

§ 2. This act shall take effect on the ninetieth day after the department of financial services shall have promulgated regulations to effectuate the provisions of this act and shall apply to all contracts entered into, renewed, modified or amended on or after such effective date.