

STATE OF NEW YORK

5528

2025-2026 Regular Sessions

IN SENATE

February 24, 2025

Introduced by Sen. SANDERS -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT authorizing certain state regulated institutions to offer disaster forbearance agreements to qualified mortgagors

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

1 Section 1. 1. As used in this act the following terms shall have the
2 following meanings:

3 (a) "Disaster forbearance agreement" means (i) the deferment of total
4 arrearages, including any escrow advances, to the end of the existing
5 term of the loan, without charging or collection of any additional
6 interest on the deferred amount; or (ii) the extension of the term of
7 the mortgage loan, and capitalization, deferral or forgiveness of all
8 escrow advances and other arrearages, provided this loss mitigation
9 option reduces the principal and interest payment on the loan if the
10 lender or servicer has information indicating that the borrower cannot
11 resume the pre-forbearance mortgage payments or if the borrower is
12 unable to make the payments under payment subparagraph (i) of this para-
13 graph.

14 (b) "Qualified mortgagor" means a residential or commercial borrower
15 whose mortgage loan became delinquent 60 days or more due directly or
16 indirectly to the COVID-19 emergency or between March 7, 2020 and the
17 effective date of this act.

18 (c) "Regulated institution" means any state regulated banking organ-
19 ization as defined in section 2 of the banking law and any state regu-
20 lated mortgage servicer entity subject to the authority of the depart-
21 ment of financial services.

22 2. Notwithstanding any provision of law to the contrary, every regu-
23 lated institution is authorized to automatically offer a disaster
24 forbearance agreement that begins on the effective date of this act for
25 a period of 60 days. No documents will be required from the qualified

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

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1 mortgagor with respect to a disaster forbearance agreement other than
2 the borrower's affirmation (oral or written) to a financial hardship
3 that prevents the borrower from making timely payments on the mortgage
4 loan due, directly or indirectly, to the COVID-19 emergency.

5 (a) A disaster forbearance agreement shall be extended for an addi-
6 tional 120 days upon the borrower's request, oral or written, submitted
7 to the lender or servicer affirming that the borrower is experiencing a
8 financial hardship that prevents the borrower from making payments on
9 the mortgage due, directly or indirectly, to the COVID-19 emergency.

10 (b) A forbearance extended under paragraph (a) of this subdivision
11 shall be extended for an additional 180 days not to exceed 360 days upon
12 the borrower's request, oral or written, submitted to the lender or
13 servicer affirming that the borrower is experiencing a financial hard-
14 ship that prevents the borrower from making payments on the mortgage
15 due, directly or indirectly, to the COVID-19 emergency.

16 3. Treatment after forbearance. A lender or servicer of such loan (a)
17 may not charge any late fees, penalties or other charges with respect to
18 payments on the loan that were due during the forbearance period, if
19 such payments are made timely during the term of the agreement; and (b)
20 is prohibited from reporting any adverse information to a credit agency
21 with respect to any payments on the loan that were due during the
22 forbearance period, if such payments are made timely during the term of
23 the agreement.

24 4. The superintendent of financial services shall promulgate any rules
25 and regulations necessary to implement the provisions of this act.

26 § 2. This act shall take effect immediately.