STATE OF NEW YORK

6362

2025-2026 Regular Sessions

IN SENATE

March 11, 2025

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

AN ACT to amend the real property law and the civil practice law and rules, in relation to protections for victims of real property theft

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

Section 1. Section 266 of the real property law, as amended by chapter 630 of the laws of 2023, is amended to read as follows:

§ 266. **1.** Rights of purchaser or incumbrancer for valuable consideration protected. This article does not in any manner affect or impair the title of a purchaser or incumbrancer for a valuable consideration, unless it appears that such purchaser or incumbrancer had previous notice, whether actual or constructive, of the fraudulent intent of his immediate grantor, or of the fraud rendering void the title of such grantor. There shall be a rebuttable presumption**, which presumption may be overcome by an acceptable affidavit or testimony of the purchaser,** that a purchaser or incumbrancer had notice of fraud or fraudulent intent in the case of a transfer of mortgaged real property, between a purchaser and seller who are not associated parties, [~~that is not accompanied by~~] **when none of the following have occurred:**

(a) the recording with the clerk of the county or with the commissioner of deeds in which the property is located, of [~~a statement~~]**:**

(i) an instrument, executed by the **party assuming the seller's indebtedness secured by the mortgage and the** mortgagee, [~~and duly acknowledged, stating, substantially, that (a) a party is assuming the seller's indebtedness secured by the mortgage; or (b) that the indebtedness secured by the mortgage has been satisfied~~] **whereby the mortgage is assumed; or**

(ii) a satisfaction of mortgage or a release of mortgage;

(b) the purchaser offers evidence, via written or oral testimony, that they reasonably believed the indebtedness secured by the mortgage has

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

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been paid off, which evidence may include but not be limited to copies of a payoff statement or settlement statement accompanied with copies of the checks or wire transmittals used to pay the mortgage off, a title insurance policy showing that the mortgage was not excepted in the grantor's title insurance policy, or a title insurance policy showing that the mortgage was not excepted in the grantee's title insurance policy.

2. For the purposes of this section, "associated parties" means spouses, ex-spouses, parents and children, siblings, a homeowner and that homeowner's family trust, or a homeowner and that homeowner's wholly-owned limited liability company.

§ 2. Subdivision (c) of section 6501 of the civil practice law and rules, as added by chapter 630 of the laws of 2023, is amended and a new subdivision (d) is added to read as follows:

(c) Notwithstanding any provision of subdivision (a) of this section to the contrary, a notice of pendency [~~may~~ shall ~~be filed by a district attorney's office or the office of the attorney general upon the filing of a criminal complaint or indictment that allege charges affecting the title to, incumbrance of or possession of real property, in the county where the real property is located. [A notice of pendency filed will remain in effect until the prosecution of a criminal case is either dismissed, or otherwise disposed of at sentencing and is not subject to a three year period of expiration under section six thousand five hundred thirteen of this article~~] Such notice of pendency shall remain in effect for a period of three years pursuant to section sixty-five hundred thirteen of this article but may be renewed without court order twice.

(d) Any notice of pendency filed pursuant to subdivision (b) or (c) of this section shall be cancelled within thirty days pursuant to subdivision (e) of section six thousand fourteen of this article when the investigation or action is no longer ongoing.

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