

STATE OF NEW YORK

9514--A

IN SENATE

March 19, 2026

Introduced by Sen. KAVANAGH -- 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 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.

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

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

LBD13935-04-6

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

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

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

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

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

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

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

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

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

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

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

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