

# STATE OF NEW YORK

2739

2025-2026 Regular Sessions

## IN ASSEMBLY

January 22, 2025

Introduced by M. of A. CRUZ -- read once and referred to the Committee on Banks

AN ACT to amend the real property law and the real property actions and proceedings law, in relation to discharge of a mortgage

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

1 Section 1. Subdivisions 2 and 3 of section 275 of the real property  
2 law, as added by chapter 748 of the laws of 1990, is amended to read as  
3 follows:

4 2. (a) For purposes of this section, the full amount of principal and  
5 interest due on a mortgage shall not be considered to be paid whenever  
6 such mortgage continues to secure a bona fide debt and an enforceable  
7 lien continues to exist, such as may occur in the following situations:

8 [~~(a)~~] (i) the commercial practice of lenders trading or selling mort-  
9 gages on the secondary market;

10 [~~(b)~~] (ii) the replacement of a construction loan with permanent  
11 financing;

12 [~~(c)~~] (iii) the refinancing of an existing loan with a new lender,  
13 such as where the original lender assigns a note and the mortgage secur-  
14 ing its payment to another lender in return for consideration and such  
15 mortgage is consolidated with another mortgage which secures any funds  
16 advanced by the new lender to the mortgagor;

17 [~~(d)~~] (iv) the modification of the terms of a loan by a mortgagor and  
18 mortgagee in order to avoid foreclosure; and

19 [~~(e)~~] (v) a refinancing that occurs in conjunction with the sale of  
20 property such that the seller conveys property to the purchaser subject  
21 to the lien of the mortgage and the original lender assigns its note and  
22 mortgage on the property to the purchaser's lender.

23 (b) Notwithstanding any provision of this section to the contrary, if  
24 payment is received at the location and in the manner specified by the  
25 mortgagee, the mortgagee must accept and may not return or destroy any

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

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1 payment received in reliance on a payoff statement and must promptly  
2 apply such payment to the unpaid principal, interest or any other  
3 amounts due under the mortgage.

4 3. Except with respect to the assignment of a mortgage in connection  
5 with a transaction described in subparagraph (i) of paragraph (a) of  
6 subdivision two of this section, in order to record an assignment of a  
7 mortgage there must be set forth in the assignment document or attached  
8 thereto and recorded as part thereof a statement under oath signed by  
9 the mortgagor or any other party to the transaction having knowledge of  
10 the facts (provided such other party asserts such knowledge), that the  
11 assignee is not acting as a nominee of the mortgagor and that the mort-  
12 gage continues to secure a bona fide obligation. With respect to the  
13 assignment of a mortgage in connection with a transaction described in  
14 subparagraph (i) of paragraph (a) of subdivision two of this section,  
15 such assignment shall contain the following statement: "This assignment  
16 is not subject to the requirements of section two hundred seventy-five  
17 of the Real Property Law because it is an assignment within the second-  
18 ary mortgage market."

19 § 2. Subdivision 1 of section 1921 of the real property actions and  
20 proceedings law, as amended by chapter 467 of the laws of 2005, is  
21 amended to read as follows:

22 1. (a) After payment of authorized principal, interest and any other  
23 amounts due thereunder or otherwise owed by law has actually been made,  
24 and in the case of a credit line mortgage as defined in section two  
25 hundred eighty-one of the real property law on written request, a mort-  
26 gagee of real property situate in this state, unless otherwise requested  
27 in writing by the mortgagor or the assignee of such mortgage, must  
28 execute and acknowledge before a proper officer, in like manner as to  
29 entitle a conveyance to be recorded, a satisfaction of mortgage, and  
30 thereupon within thirty days arrange to have the satisfaction of mort-  
31 gage: [~~(a)~~] (i) presented for recording to the recording officer of the  
32 county where the mortgage is recorded, or [~~(b)~~] (ii) if so requested by  
33 the mortgagor or the mortgagor's designee, to the mortgagor or the  
34 mortgagor's designee. Failure by a mortgagee to present a certificate of  
35 discharge for recording shall result in the mortgagee being liable to  
36 the mortgagor in the amount of five hundred dollars if [~~he or she~~] such  
37 mortgagee fails to present such certificate within thirty days, shall  
38 result in the mortgagee being liable to the mortgagor in the amount of  
39 one thousand dollars if [~~he or she~~] such mortgagee fails to present a  
40 certificate of discharge for recording within sixty days or shall result  
41 in the mortgagee being liable to the mortgagor in the amount of one  
42 thousand five hundred dollars if [~~he or she~~] such mortgagee fails to  
43 present a certificate of discharge for recording within ninety days. For  
44 the purposes of such liability under this subdivision, the term "mortga-  
45 gee" shall not include a person, partnership, association, corporation  
46 or other entity which makes less than five mortgage loans in any calen-  
47 dar year. The mortgagee shall within forty-five days deliver the note  
48 and the mortgage and where a title is registered under article twelve of  
49 the real property law, the registration copy of the mortgage and any  
50 registration certificates in the mortgagee's possession to the mortgagor  
51 or the mortgagor's designee making such payment and request if required  
52 as aforesaid. Delivery of a satisfaction of mortgage in accordance with  
53 the terms of section two hundred seventy-five of the real property law  
54 shall be deemed to satisfy the requirements of this section regarding  
55 the satisfaction of mortgage.

1 (b) Notwithstanding any provision of this section or section nineteen  
2 hundred twenty-one-a of this article to the contrary, if payment is  
3 received at the location and in the manner specified by the mortgagee,  
4 the mortgagee must accept and may not return or destroy any payment  
5 received in reliance on a payoff statement and must promptly apply such  
6 payment to the unpaid principal, interest or any other amounts due under  
7 the mortgage.

8 § 3. This act shall take effect immediately.