

STATE OF NEW YORK

7484

2025-2026 Regular Sessions

IN ASSEMBLY

March 28, 2025

Introduced by M. of A. NOVAKHOV, BARCLAY, BLANKENBUSH, RA, TAGUE, GIGLIO, FITZPATRICK -- Multi-Sponsored by -- M. of A. BROOK-KRASNY, DeSTEFANO, MANKTELOW, McDONOUGH, NORBER -- read once and referred to the Committee on Housing

AN ACT to amend the public authorities law, in relation to establishing a home equity protection insurance program

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

1 Section 1. Subdivision 33 of section 2404 of the public authorities
2 law, as renumbered by chapter 72 of the laws of 2016, is renumbered
3 subdivision 34 and a new subdivision 33 is added to read as follows:

4 (33) To establish and administer a home equity protection insurance
5 program in accordance with section twenty-four hundred five-g of this
6 part.

7 § 2. The public authorities law is amended by adding a new section
8 2405-g to read as follows:

9 § 2405-g. Home equity protection insurance program. (1) The agency is
10 hereby directed, to the extent it finds practicable, to establish a home
11 equity protection insurance program whereby it will issue a commitment
12 to insure and insure the full value of a one-to-four family residence,
13 including a condominium and a cooperative, that is owner-occupied by any
14 person or persons who meet the income qualifications for a forward
15 commitment mortgage pursuant to section twenty-four hundred five-b of
16 this part. The full value of the residential real property shall be
17 determined by either its purchase price, the purchase price plus the
18 cost of any rehabilitation to the residence, or an appraisal. The insur-
19 ance shall be issued by the agency after the purchase or the rehabili-
20 tation of the real property upon payment of a premium that the agency
21 shall determine.

22 (2) Upon the sale of the residential real property that is insured by
23 the agency through its home equity insurance program, the agency shall

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

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1 pay the policy holder/owner the difference between the face value of the
2 insurance policy and the sales price of the insured premises if such
3 sales price is less than the insured amount and if the policy
4 holder/owner has lived in the premises for a period of not less than
5 three years. The agency shall establish procedures to be followed by a
6 policy holder/owner in the event of a payment under the terms of any
7 home equity protection insurance policy. The agency shall not be
8 required to pay on a claim for a loss of equity if it determines that
9 such loss occurred predominantly from the policy holder/owner's neglect
10 of the real property's physical condition.

11 (3)(a) The agency shall create a home equity protection insurance fund
12 to be used as a revolving fund for carrying out the provisions of this
13 section with respect to residential real property insured thereunder.
14 The agency shall pay into such fund all moneys which may be available to
15 the agency for the purposes of such fund from any source, including but
16 not limited to the moneys received from premiums derived from the issu-
17 ance of home equity protection insurance policies.

18 (b) The agency shall maintain in the equity insurance fund as a
19 reserve an amount of money or cash equivalents equal to no less than
20 twenty percent of the amounts insured under the agency's home equity
21 protection insurance contracts.

22 (4) Moneys in such fund may be invested (a) in special time deposit
23 accounts in, or certificates of deposit issued by, a bank, trust compa-
24 ny, savings bank or savings and loan association located and authorized
25 to do business in this state; provided, however, that such time deposit
26 account or certificate of deposit shall be payable within such time as
27 the proceeds may be needed to meet expenditures estimated to be incurred
28 by the agency and provided further that such time deposit account or
29 certificate of deposit be secured by a pledge of obligations of the
30 United States of America or obligations of the state, any city of the
31 state, or other municipal corporation, school district or district
32 corporation of the state or obligations of agencies of the federal
33 government; or (b) in obligations of the United States of America or the
34 state which may from time to time be legally purchased by savings banks
35 within the state as an investment of funds belonging to them or in their
36 control, or in obligations of the Federal National Mortgage Association
37 provided such obligations shall be payable or redeemable at the option
38 of the owner within such times as the proceeds may be needed to meet
39 expenditures estimated to be incurred by the agency.

40 § 3. This act shall take effect on the one hundred eightieth day after
41 it shall have become a law.