STATE OF NEW YORK

2122--A

2025-2026 Regular Sessions

IN SENATE

January 15, 2025

Introduced by Sen. FAHY -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the real property actions and proceedings law, in relation to authorizing municipalities and the department of financial services to seek civil penalties for violations of the duty to maintain a foreclosed property

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

Section 1. Section 1307 of the real property actions and proceedings law is amended by adding a new subdivision 3-a to read as follows:

3-a. (a) In addition to the rights to enforce certain obligations and recover certain costs pursuant to subdivision three of this section, violations of this section by a plaintiff in a mortgage foreclosure action may be brought before a hearing officer or a court of competent jurisdiction by an entity authorized pursuant to paragraph (b) or (c) of this subdivision. If it shall appear to the satisfaction of such hearing officer or court, based on the preponderance of the evidence, that such plaintiff has violated this section, a civil penalty may be issued by such hearing officer or court in the amount of up to six hundred fifty dollars per day for each day such violation persisted after the judgment of foreclosure has been issued. Such penalty may be applied until the property has been transferred to a third party, whether the determination of the violation was made before or after the judgment of foreclosure was issued.

(b) The superintendent of financial services may, as appropriate and in such superintendent's sole discretion, pursue any suspected violation of this section by a plaintiff in a mortgage foreclosure action. Before taking such action, the superintendent of financial services shall give such plaintiff at least seven days' notice of such violation.

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

LBD05092-02-5

(c) The municipality in which such residential real property is located shall have the right to enforce the obligations described in this section in any court of competent jurisdiction after at least seven days' notice to the plaintiff in the mortgage foreclosure action for such property, unless such property requires emergency repairs to address a threat to public health, safety or welfare, in which case such municipality may enter and maintain such property to cure such emergency, provided however, notice shall be provided to such plaintiff as soon as practicable. Such municipality shall provide the department of financial services with written notice at least ten days prior to bringing an action pursuant to this subdivision; provided, however, that failure to comply with such notice requirement shall not be a defense against the action pursuant to this subdivision. The authority provided by this subdivision shall be in addition to, and shall not be deemed to diminish or reduce, any rights of the parties described in this section under existing law against the plaintiff for failure to maintain such property. Any civil penalty imposed pursuant to paragraph (a) of this subdivision in an action brought by a municipality pursuant to this paragraph shall be retained by such municipality.

(d) The department of financial services shall be authorized and empowered to adopt such rules and regulations as may, in the judgment of the superintendent of financial services, be necessary for the effective implementation, administration, operation and enforcement of this section.

§ 2. This act shall take effect immediately.