

STATE OF NEW YORK

4605

2025-2026 Regular Sessions

IN SENATE

February 10, 2025

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

AN ACT to amend the banking law, in relation to allowing for mortgagors to cancel or renegotiate forbearance agreements made during a state disaster emergency

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 9-1 to
2 read as follows:

3 § 9-1. Cancellation or renegotiation of forbearance agreements
4 executed during a state disaster emergency. 1. As used in this section,
5 the following terms shall have the following meanings:

6 (a) "covered period" means the period beginning on the date on which a
7 state disaster emergency, including, but not limited to, the COVID-19
8 pandemic, begins and ending on the date that is thirty days after the
9 date on which such state disaster emergency ends.

10 (b) "qualified mortgagor" means an individual who resides in New York
11 whose principal dwelling is encumbered by a home loan pursuant to para-
12 graph (a) of subdivision six of section thirteen hundred four of the
13 real property actions and proceedings law or whose principal dwelling is
14 a co-operative unit whose shares are encumbered by any loan otherwise
15 meeting the requirements of a home loan under paragraph (a) of subdivi-
16 sion six of section thirteen hundred four of the real property actions
17 and proceedings law, from or serviced by a regulated institution.

18 (c) "regulated institution" means any New York regulated banking
19 organization as defined under this chapter and any New York regulated
20 mortgage servicer entity subject to the authority of the department.

21 2. Notwithstanding any other provision of law, New York regulated
22 institutions shall provide qualified mortgagors who have executed a
23 forbearance agreement with such regulated institution the option to

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

LBD09227-01-5

1 cancel or renegotiate the terms of such agreement if such agreement was
2 executed during a covered period and:

3 (a) includes terms which exclude the option of placing missed loan
4 payments on the back-end of the loan which is subject of such forbear-
5 ance agreement; or

6 (b) requires missed loan payments be made up in full within a period
7 of less than twelve months from the date of such agreement.

8 3. Notwithstanding anything to the contrary in this section, this
9 section shall not apply to, and does not affect any mortgage loans made,
10 insured, or securitized by any agency or instrumentality of the United
11 States, any government sponsored enterprise, or a federal home loan
12 bank, or the rights and obligations of any lender, issuer, servicer or
13 trustee of such obligations, including servicers for the Government
14 National Mortgage Association.

15 § 2. This act shall take effect immediately.