STATE OF NEW YORK

8768

IN SENATE

January 8, 2026

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

AN ACT to amend the real property law and the real property actions and proceedings law, in relation to the discharge of a mortgage; and to amend a chapter of the laws of 2025 amending the real property law and the real property actions and proceedings law relating to discharge of a mortgage, as proposed in legislative bills numbers S. 6363 and A. 2739, in relation to the effectiveness thereof

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

Section 1. Paragraph (b) of subdivision 2 of section 275 of the real property law, as added by a chapter of the laws of 2025 amending the real property law and the real property actions and proceedings law relating to discharge of a mortgage, as proposed in legislative bills numbers S. 6363 and A. 2739, is amended to read as follows:

(b) [~~Notwithstanding any provision of this section to the contrary, if payment is received at the location and in the manner specified by the mortgagee, the mortgagee must accept and may not return or destroy any payment received in reliance on a payoff statement and must promptly apply such payment to the unpaid principal, interest or any other amounts due under the mortgage.~~] **No mortgagee shall return, destroy, or otherwise refuse to accept a payment made pursuant to the terms of a payoff letter, including but not limited to terms regarding the location and the manner of payment specified by the mortgagee, even if such payment does not cover the full amount of principal, interest, and any other amounts due and owing under the mortgage, provided, however, if there is a defect with the payment that prevents the mortgagee from identifying with reasonable diligence the mortgage for which such payment is made, the mortgagee may refuse to accept such payment and return the payment to the remitter. The mortgagee shall apply such payment to the unpaid principal, interest or any other amounts due under the mortgage, provided that a payment made pursuant to a payoff statement shall not result in the issuance of a certificate of discharge of mortgage pursuant to subdivision one of this section or in the**

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

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execution of a satisfaction of mortgage pursuant to subdivision one of section nineteen hundred twenty-one of the real property actions and proceedings law unless the payment covers the full amount of principal, interest, and any other amounts due and owing under the mortgage.

§ 2. Paragraph (b) of subdivision 1 of section 1921 of the real property actions and proceedings law, as added by a chapter of the laws of 2025 amending the real property law and the real property actions and proceedings law relating to discharge of a mortgage, as proposed in legislative bills numbers S. 6363 and A. 2739, is amended to read as follows:

(b) [~~Notwithstanding any provision of this section or section nineteen hundred twenty-one-a of this article to the contrary, if payment is received at the location and in the manner specified by the mortgagee, the mortgagee must accept and may not return or destroy any payment received in reliance on a payoff statement and must promptly apply such payment to the unpaid principal, interest or any other amounts due under the mortgage.~~] No mortgagee shall return, destroy, or otherwise refuse to accept a payment made pursuant to the terms of a payoff letter, including but not limited to terms regarding the location and the manner of payment specified by the mortgagee, even if such payment does not cover the full amount of principal, interest, and any other amounts due and owing under the mortgage, provided, however, if there is a defect with the payment that prevents the mortgagee from identifying with reasonable diligence the mortgage for which such payment is made, the mortgagee may refuse to accept such payment and return the payment to the remitter. The mortgagee shall apply such payment to the unpaid principal, interest or any other amounts due under the mortgage, provided that a payment made pursuant to a payoff statement shall not result in the execution of a satisfaction of mortgage pursuant to paragraph (a) of this subdivision or in the issuance of a certificate of discharge of mortgage pursuant to subdivision one of section two hundred seventy-five of the real property law unless the payment covers the full amount of principal, interest, and any other amounts due and owing under the mortgage.

§ 3. Section 3 of a chapter of the laws of 2025 amending the real property law and the real property actions and proceedings law relating to discharge of a mortgage, as proposed in legislative bills numbers S. 6363 and A. 2739, is amended to read as follows:

§ 3. This act shall take effect [~~immediately~~] on the one hundred eightieth day after it shall have become a law.

§ 4. This act shall take effect immediately; provided, however, that sections one and two of this act shall take effect on the same date and in the same manner as a chapter of the laws of 2025 amending the real property law and the real property actions and proceedings law relating to discharge of a mortgage, as proposed in legislative bills numbers S. 6363 and A. 2739, takes effect.