

STATE OF NEW YORK

9706

IN SENATE

April 2, 2026

Introduced by Sen. CLEARE -- 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 prohibiting bank investments in bad faith landlords

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 13 to
2 read as follows:

3 § 13. Investments in bad faith landlords by state chartered banking
4 institutions. 1. No state chartered banking institution or entity
5 licensed pursuant to this chapter shall knowingly provide financing for
6 or invest in the stocks, securities, or other obligations of any limit-
7 ed-liability company, partnership, corporation or any other entity that
8 acquires, owns, sells, or manages real property, which itself, or a
9 member, officer, partner, shareholder, or director of which:

10 (a) in the past year has granted a tenant an abatement of rent based
11 on violations of the housing maintenance code, applicable housing stand-
12 ards, building code, health code or section two hundred thirty-five-b of
13 the real property law;

14 (b) in the past year has violated sections 2525.4 or 2505.4 of title 9
15 of the New York codes, rules and regulations or sections 7-105 or 7-108
16 of the general obligations law;

17 (c) in the past five years has engaged in repeated fraudulent or ille-
18 gal acts under subdivision twelve of section sixty-three of the execu-
19 tive law;

20 (d) in the past five years has engaged in deceptive acts or practices
21 under section three hundred forty-nine of the general business law;

22 (e) in the past five years has violated sections 2525.5, 2505.6,
23 2205.1, or 2505.1 of title 9 of the New York codes, rules and regu-
24 lations;

25 (f) owns a property with more than one open hazardous or immediately
26 hazardous violation per dwelling unit within the past five years, as
27 determined by the local housing standards department;

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

LBD04008-04-6

1 (g) owns a property subject to the alternative enforcement program
2 under section 27-2153 of the administrative code of the city of New
3 York;

4 (h) in the past five years has engaged in harassment as defined in
5 section 27-2004 of the administrative code of the city of New York; or

6 (i) in the past five years has engaged in retaliation under section
7 two hundred twenty-three-b of the real property law;

8 (j) in the past five years has violated section two hundred twenty-
9 seven-f of the real property law; or

10 (k) in the past five years has violated paragraph a of subdivision
11 five of section two hundred ninety-six of the executive law.

12 2. Subdivision one of this section shall not apply when any financing,
13 loan, or investment will be used solely to cure an immediately hazardous
14 violation of the uniform fire prevention and building code, New York
15 city fire code, or New York city building and housing maintenance codes,
16 if applicable, or to prevent a foreseeable and imminent immediately
17 hazardous violation of said codes.

18 3. (a) A state-chartered banking institution or other entity licensed
19 pursuant to this chapter shall require an applicant for financing to
20 self-certify that they are not covered by acts listed in subdivision one
21 of this section or, if they are covered by acts listed in subdivision
22 one of this section, that the applicant will use the financing solely
23 for the purposes defined in subdivision two of this section.

24 (b) If an applicant wishes to qualify for an exemption under subdivi-
25 sion two of this section, an applicant must:

26 (i) Furnish records or reports to the creditor testifying to the imme-
27 diately hazardous condition to be cured or prevented; and

28 (ii) Furnish plans or statements to the creditor testifying to the
29 scope and cost of work to be performed.

30 4. An applicant who makes a false certification or furnishes false
31 records, reports, plans, statements, or any other documents or evidence
32 to receive financing under this section shall be subject to a civil
33 penalty not less than ten thousand dollars nor more than fifty thousand
34 dollars.

35 5. The superintendent shall promulgate regulations necessary to effec-
36 tuate the provisions of this section, including:

37 (a) regulations specifying the evidence applicants must furnish under
38 paragraph (b) of subdivision three of this section prior to and upon
39 completion of work undertaken to correct or to prevent an immediately
40 hazardous condition;

41 (b) a sample certification form creditors may use to comply with the
42 requirements of this section.

43 6. For purposes of this section, "state chartered banking institution"
44 shall have the same meaning as defined in subdivision one of section
45 twelve-a of this article.

46 § 2. This act shall take effect on the ninetieth day after the depart-
47 ment of financial services shall have promulgated regulations to effec-
48 tuate the provisions of this act and shall apply to all contracts
49 entered into, renewed, modified or amended on or after such effective
50 date.