§ 595-c. Regulation of dealings of mortgage brokers and home improvement contractors. 1. No home improvement contractor nor any agents or salespersons thereof shall represent, act as an agent for, or advertise, promote or arrange for the services of a mortgage broker or its affiliate while soliciting home improvement contracts nor receive anything of value from a mortgage broker or its affiliate for the referral of a borrower to a mortgage broker. The staff of a home improvement contractor shall not act on behalf of a mortgage broker in any transaction.

2. Where a mortgage broker has solicited, processed, placed or negotiated a mortgage loan, a home improvement contractor shall not be paid directly but instead may receive payment from the proceeds of a home improvement loan payable solely to the borrower or, at the election of the borrower, through an independent third party escrow agent in accordance with the terms established in a written agreement signed by the borrower, the lender and the contractor prior to disbursement. A mortgage broker shall not offer a homeowner different loan terms contingent on the homeowner executing an agreement for payment through an independent third party as described in the preceding sentence. Any such agreement shall contain a clear and conspicuous disclosure: YOU ARE NOT REQUIRED TO EXECUTE THIS AGREEMENT. YOU MAY INSTEAD RECEIVE PAYMENT DIRECTLY. (NAME OF MORTGAGE BROKER) MAY NOT OFFER YOU DIFFERENT TERMS ON YOUR LOAN TO SIGN THIS AGREEMENT. The provisions of this subdivision shall not apply to a home improvement loan insured by the federal housing administration under section 203(k) of the National Housing Act, 12 U.S.C. 1709(k), or to amounts added to a federal housing administration insured mortgage under the energy efficiency mortgage program originally established under section 106 of the Energy Policy Act of 1992, as from time to time amended.

3. A mortgage broker shall not permit a home improvement contractor to be a cosigner or to act as a guarantor for a mortgage loan for home improvement.

4. For the purpose of this section, "home improvement contractor", means, with respect to any home improvement, a person, firm or

corporation which owns or operates a home improvement business or who undertakes, offers to undertake or agrees to perform any home improvement for a fee and for whom the total price for all labor, materials and other items is equal to or greater than two hundred dollars. Home improvement contractor does not include a person, firm, corporation, landlord, cooperative corporation, condominium board of managers, joint tenant or co-tenant that owns, in whole or in part, the property to be improved.

5. This section shall not annul, alter, affect or exempt any person subject to the provisions of this section from complying with the laws, ordinances, rules or regulations of any locality or other governmental body, relating to home improvement contracts, except to the extent that such laws, ordinances, rules or regulations are inconsistent with any provision of this section, but no such law, ordinance, rule or regulation shall be considered inconsistent, if it affords greater protection to the homeowner from persons subject to this section.