§ 6-a. Investment in obligations of certain persons sixty-five years of age or over incurred to satisfy real property tax indebtedness. 1. Subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper and notwithstanding any inconsistent provision of this chapter to the contrary, any bank, trust company, savings bank, savings and loan association, or life insurance company authorized to do business in this state may make loans described in subdivision two of this section.

2. Banking institutions described in subdivision one may make loans under this section to natural persons aged sixty-five or older subject to the following conditions:

(a) the principal amount of the loan shall not exceed the aggregate amount of all real property taxes, special ad valorem levies, and special assessments paid or owing by the borrower for the current or prior years or both with respect to real property owned individually or jointly by such borrower which constitutes the principal residence of such borrower; provided, however, that the loan agreement may provide for such principal amount to be modified to include the amount of additional real property taxes, special ad valorem levies, and special assessments pertaining to such property as they are incurred; and

(b) such loan shall be secured by a first or second mortgage on the property which mortgage expressly states in like or similar terms "this mortgage is given to secure a loan made pursuant to the provisions of section six-a of the banking law"; and

(c) the annual interest chargeable on such loan shall not exceed the allowable interest chargeable by such lender to any other person, not including a corporation, on an obligation secured by a first mortgage lien; and

(d) a loan which is undertaken pursuant to this section shall not be payable until the sale or other disposition of such property, provided however that any borrower may discharge any indebtedness he has undertaken pursuant to the provisions of this section at any time without payment of any charges other than principal and interest.

3. Subject to regulations of the superintendent of financial services, banking institutions described in subdivision one of this section which

make loans pursuant to this section may, pursuant to the loan agreement, utilize part or all of the proceeds of such loan to make direct payment of real property taxes, special ad valorem levies, and special assessments on the property which secures such loan. Any such institution which retains part or all of the proceeds of such loan for the purpose of making direct payment of such real property taxes, special ad valorem levies, and special assessments shall be liable to such borrower, upon failure to pay such taxes, levies, and assessments for the amount of such taxes, levies, and assessments plus penalties and interest imposed thereon.

4. Every banking institution which makes direct payment of real property taxes, special ad valorem levies, and special assessments pursuant to subdivision three shall at least annually provide to the borrower any paid bill it has received for the payment of such taxes, levies, and assessments. Such bill shall be contained in a succeeding loan statement as may be sent to such borrower. This section shall not apply to billings for real property taxes, special ad valorem levies, and special assessments transmitted by computer tape by a city with a population of one million or more persons.