§ 5-527. Enforceability of compound interest. 1. A loan or other agreement providing for compound interest shall be enforceable notwithstanding the date that such loan or other agreement providing for such compound interest shall have been executed; provided, however, that such compound interest shall begin to accrue and become due and payable on the later to occur of (a) June twenty-fourth, nineteen hundred eighty-nine or (b) the date that any obligation to pay such compound interest may have arisen, including, but not limited to, the date of any default or event of default under such loan or other agreement. For purposes of this subdivision, the term "compound interest" shall mean the accruing of interest upon unpaid interest irrespective of whether such unpaid interest is added to the principal debt.

2. The provisions of this section shall not be applicable to any loan or other financing agreement where the original principal debt is in an amount of two hundred fifty thousand dollars or less, or to any loan or other financing agreement secured primarily by a one or two family owner-occupied residence. For purposes of this subdivision the term "residence" shall include a lessee's interest in a proprietary lease granted by a cooperative housing corporation.

3. Notwithstanding the provisions of subdivision two of this section, nothing in this section shall affect the maximum rate of interest which may be charged, taken or received as provided by law, or be construed to limit, impair or otherwise affect any loan or other agreement which is, or would be, enforceable without reference to this section, including but not limited to an agreement made pursuant to section six-f of the banking law.