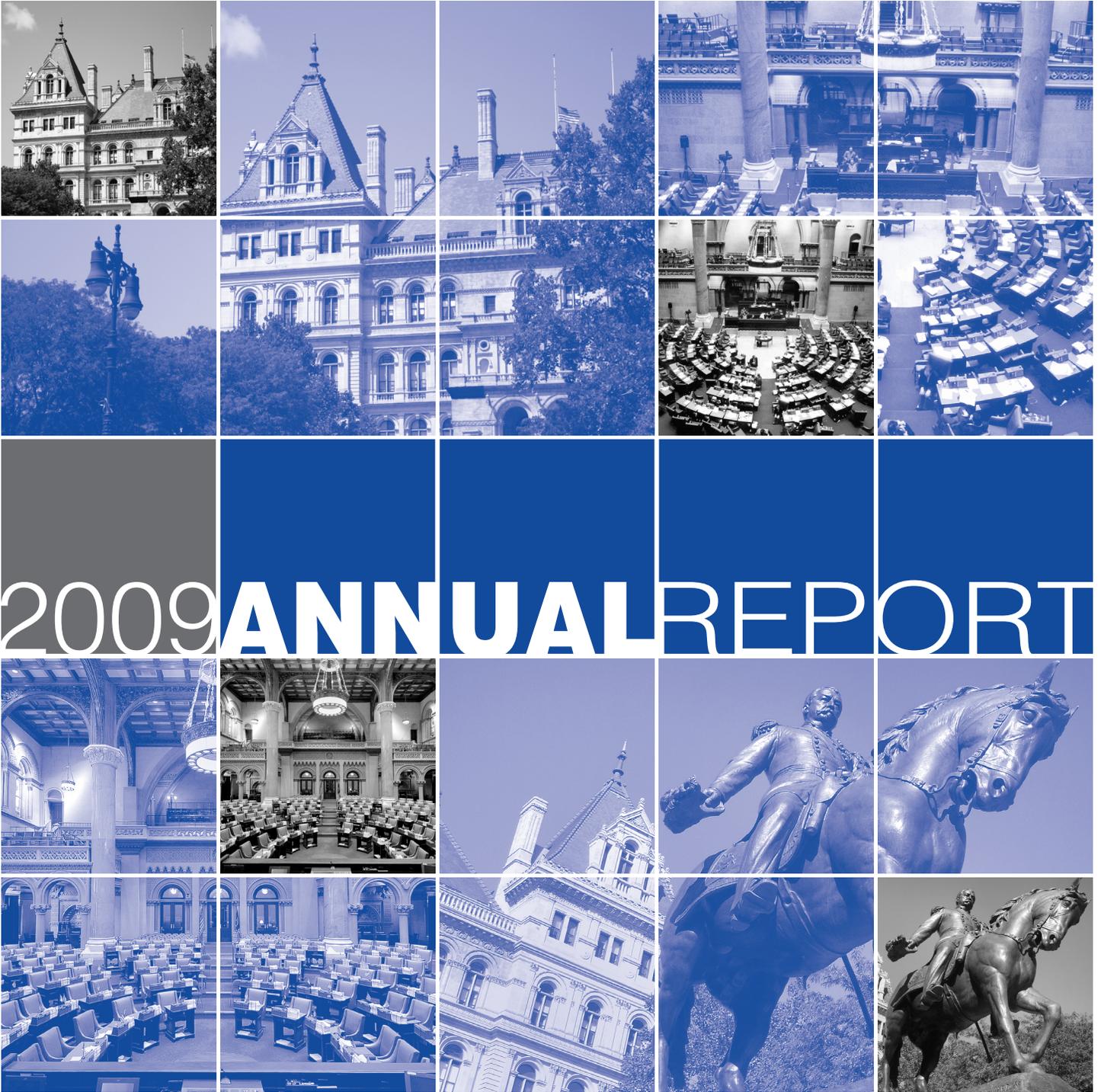


New York State Assembly | Sheldon Silver, Speaker



committee on

Banks

Darryl C. Towns, Chairman

December 15, 2009

The Honorable Sheldon Silver
Speaker of the Assembly
State Capitol, Room 349
Albany, NY 12248

Dear Speaker Silver:

I am pleased to submit the 2009 Annual Report of the Assembly Standing Committee on Banks.

Throughout the 2009 Legislative Session, the Committee remained dedicated to protecting consumers' financial interests and security by supporting legislation that encourages financial institutions to educate and inform their clients on how to make informed financial decisions.

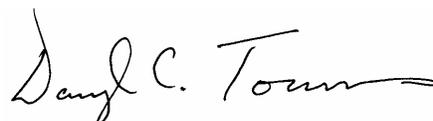
In response to the crisis in the residential mortgage industry, the Committee repealed and created a new Article 12-E which addressed the regulation of the roles of mortgage loan originators. This significant legislation (Chapter 123) conformed New York's system of regulating mortgage loan originators to recently enacted federal law, thus reducing the cost of regulation for all entities, particularly those operating in multiple states.

Another significant piece of legislation approved by the Committee is the Reverse Mortgage Fairness Act, which ensures that proceeds from reverse mortgage are not considered income and therefore would not affect exemptions on personal property for persons over 65 years of age.

The Committee will continue to examine the full range of issues affecting the banking industry. On behalf of the members of the Committee, my Assembly colleagues, I want to thank you for your encouragement and support of our efforts to protect the financial interest of the state and its consumers. It is a pleasure serving as Chairman of the Assembly Banks Committee.

I am looking forward to a productive 2010 Legislative Session.

Sincerely,

A handwritten signature in cursive script that reads "Darryl C. Towns". The signature is written in black ink and is positioned above the printed name.

Darryl C. Towns, Chairman
Assembly Banks Committee

**2009 ANNUAL REPORT
NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON BANKS**

Darryl C. Towns
Chairman

BANKS COMMITTEE MEMBERS

Majority

Richard L. Brodsky
Harvey Weisenberg
N. Nick Perry
William Magee
Peter J. Abbate, Jr.
William Scarborough
José R. Peralta
William F. Boyland, Jr.
Michael A. Benjamin
Karim Camara
Alan Maisel
Dennis H. Gabryszak
Tim Gordon
Rory I. Lancman
Hakeem Jeffries
Matthew Titone
Micah Kellner
Nelson L. Castro
Grace Meng
Addie J. Russell

Minority

Andrew P. Raia,
Ranking Minority Member
Diedre K. Scozzafava
Joseph A. Errigo
David A. McDonough
Bill Reilich
Thomas F. O'Mara
Philip Boyle
Marcus Molinaro

STAFF

Ernest Amabile, Assistant Secretary for Program and Policy
Teri Kleinmann, Associate Counsel
Yolanda Bostic, Principal Analyst
Danielle Schittino, Committee Assistant
Cindy Ceniviva, Program and Counsel Secretary

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I. Introduction

The New York State Assembly Standing Committee on Banks was established in order to review and initiate legislation that affects financial institutions that operate in New York State. The committee's statutory purview includes the Banking Law, the General Obligations Law, the Uniform Commercial Code, and the Personal Property Law. Entities under the Banking Law jurisdiction include banks, trust companies, safe deposit companies, savings banks, savings and loan associations, credit unions, bank holding companies, employee welfare funds, sales finance companies, licensed lenders, licensed cashers of checks, mortgage brokers, mortgage bankers, insurance premium finance agencies, and foreign and private banks.

Legislation referred to the Banks Committee originates with legislators who respond to constituents' concerns with their banks or other financial institutions. Other sources of legislation are trade associations, financial organizations, and private and community action groups who have banking interests and concerns. These bills address a broad range of banking concerns which include maintaining the competitive balance among financial institutions, protecting customers' interests, providing housing finance, and modifying banking regulations.

During the 2009 legislative session, 17 bills were considered by the Banks Committee. Of these bills, 17 were reported favorably by our committee, 14 passed the Assembly, and 6 were signed into law.

II. Major Issues of 2009

During the 2009 Legislative Session, the Committee on Banks addressed a number of significant issues in order to meet the challenge of protecting the consumers' interests while maintaining the strength of New York State's banking industry. These significant issues include increasing customer protection, enhancing the safety and soundness of the banking industry, and ensuring access to financial services.

A. Industry Issues

1. Increasing Accessibility of Banking Services

A.259 (Peralta)/S.1936 (Parker)

Chapter 11 (2009)

This law encourages banks to expand their services, especially in underdeveloped areas, by allowing for the establishment of multiple branches in an existing banking development district by a bank, trust company or national bank.

2. Wild Card Extension

A.6923-A (Towns)/S.3724-A (Foley)

Chapter 122 (2009)

This law extends for two years the authority of the Banking Board to allow state chartered banks, private bankers, trust companies, savings banks, savings and loan associations, credit unions and foreign banking corporations to exercise the rights and powers of federally chartered banks.

3. Clarifying Chapter 11 of the Banking Law

A.7921 (Peralta)/S.4583 (Parker)

Chapter 330 (2009)

This law clarifies the existing law concerning the establishment of multiple branches in an existing banking development district program.

4. Extending Open End Loans

A.8382 (Castro)/S.5534 (Foley)

Chapter 166 (2009)

This law extends, for an additional 2 years, the existing authority of licensed lenders to charge annual fees for open end loans until June 30, 2011.

**5. Understanding Community Reinvestment Act Assessments
A.8121 (Jeffries)/S.3426 (Serrano)**

This bill would make Community Reinvestment Act assessments more informative in order to better understand the availability of banking services to low to moderate income consumers.

This bill passed the Assembly.

B. Regulatory Issues

**1. Regulating Mortgage Loan Originators
A.6924-B (Towns)/S.3725-A (Foley)
Chapter 123 (2009)**

This law amends the New York Law regarding Mortgage Loan Originators (MLOs) to comply with requirements of recently enacted federal law.

**2. Regulating Actions Between Home Improvement Contractors and Mortgage Brokers
A.170 (Jeffries)/S.5102 (Savino)**

This bill defines the term home improvement contractor and prohibits home improvement contractors from representing mortgage brokers in any transaction while soliciting home improvement contracts and would prohibit mortgage brokers from paying home improvement contractors directly except when the home improvement contractor inspected the broker's completed work.

This bill passed the Assembly.

C. Consumer Products, Protection, and Convenience

**1. Reverse Mortgage Fairness Act
A.8305 (Meng)/S.2760 (Monserrate)
Chapter 259 (2009)**

This law ensures that proceeds from reverse mortgages are not considered income and therefore would not affect exemptions on personal property for persons over sixty-five years of age.

**2. Mortgage Payment Regulation as Preventive Measure for Insurance Cancellation
A.167 (Jeffries)/S.3491 (Foley)**

This bill would prevent the issuance of insurance cancellation notices by requiring mortgage investing institutions to pay real property insurance premiums ten days before the due date.

This bill passed the Assembly.

**3. Itemization of Maturity Notices
A.171 (Jeffries)**

This bill would require maturity notices to include information regarding the dollar amount in the account at maturity, the rate of interest being earned, and the names of all account holders and beneficiaries.

This bill passed the Assembly.

**4. Protecting Mortgage Applicants' Rights
A.257-B (Peralta)/S.2367-B (Monserrate)**

This bill would require mortgage lenders and brokers to provide the consumer with a mortgage bill of rights pamphlet which must be signed by the consumer prior to the mortgage application.

This bill passed the Assembly.

**5. Protecting Foreclosure Victims' Rights
A.1239-A (Lancman)/S.2614-A (Klein)**

This bill would allow homeowners who prevail in foreclosure proceedings the right to seek reimbursement from their lending company for attorney fees and would authorize lenders to recoup fees and/or expenses for any homeowner breach in lease, covenant, or agreement.

This bill passed the Assembly.

**6. Increasing Minimum Withdrawals for Account Holders 60 Years of Age or Older
A.3072 (Clark)/S.599 (Foley)**

This bill would increase the number of minimum withdrawal transactions at no additional charge from basic banking accounts for account holders over sixty years of age from eight to twelve.

This bill passed the Assembly.

**7. ATM Equal Accessibility for All
A.4766-A (Weisenberg)**

This bill would require automated teller machine operators to accommodate visually and hearing impaired individuals by installing technology that would transmit visual and audio messages.

This bill passed the Assembly.

III. Banking Committee 2010 Outlook

The New York State Assembly Standing Committee on Banks will continue to pursue an agenda that responds to the banking industry's and consumers' needs and concerns by protecting consumers' financial interests and security and by supporting legislation that encourages financial institutions to educate and to inform their clients on how to make informed financial decisions.

During the 2010 legislative session, the Assembly Banks Committee will continue in its efforts in advancing legislation that addresses the foreclosure crisis, promotes financial literacy, improves the quality of services in the lending and mortgage industries, and that protects financial businesses and consumers from becoming victims of fraud and theft. The Banking Committee will continue to strengthen the State Banking Charter and work with financial institutions to assist them in being more competitive as well as support programs that would ensure that banking services are available to consumers in underdeveloped communities and to support entrepreneurial ventures.

**APPENDIX A
SUMMARY OF ACTIONS ON ALL BILLS
REFERRED TO THE COMMITTEE ON BANKS
DURING THE 2009 LEGISLATIVE SESSIONS**

Final Action	Assembly Bills	Senate Bills	Total Bills
<u>Bills Reported With or Without Amendment</u>			
To Floor; Not Returning to Committee	5		5
To Floor; Recommitted- Enacting Clause Stricken	1		1
To Ways and Means Committee	3		3
To Codes Committee	6		6
To Rules Committee	2		2
To Judiciary			
Total	17		17
<u>Bills Having Committee Reference Changed</u>			
	0	0	0
<u>Senate Bills Substituted or Recalled</u>			
Substituted		1	1
Recalled			
Total		1	1
<u>Bills Never Reported, Held in Committee</u>			
	69	1	70
<u>Bills Defeated in Committee</u>			
<u>Bills Having Enacting Clause Stricken</u>			
	1		1
<u>Motions to Discharge Lost</u>			
TOTAL BILLS IN COMMITTEE	87	2	89

Total Number of Committee Meetings Held: 7

APPENDIX B
SUMMARY OF FINAL ACTION ON BILLS
REPORTED BY THE BANKS COMMITTEE

Assembly Bill Number Sponsor	Senate Bill Number Sponsor	Final Action	Description
A.167 (Jeffries)	S.3491 (Foley)	Passed Assembly	Provides a definition for timely payments by mortgage investing institutions in order to prevent the issuance of insurance cancellation notices
A.170 (Jeffries)	S.5102 (Savino)	Passed Assembly	Prohibits home improvement contractors from acting on behalf of mortgage brokers
A.171 (Jeffries)		Passed Assembly	Requires that maturity notices include an itemized listing of the dollar amount in the account, the holder's name, and the interest being earned
A.257-B (Peralta)	S.2367-B (Monserrate)	Passed Assembly	Requires mortgage lenders and brokers to provide the consumer with a mortgage bill of rights pamphlet which must be signed by the consumer prior to mortgage application
A.259 (Peralta)	S.1936 (Parker)	Chapter 11	Allows the establishment of multiple branches in an existing banking development district by a bank, trust company or national bank
A.1239-A (Lancman)	S.2614-A (Klein)	Passed Assembly	Enacts the justice in lending act
A.3072 (Clark)	S.5599 (Foley)	Passed Assembly	Increases the number of withdrawal transactions from basic banking accounts for account holders over sixty years of age from eight to twelve
A.4766-A (Weisenberg)		Passed Assembly	Requires ATMs to use both audio and visual systems in order to relay messages to customers
A.6923-A (Towns)	S.3724-A (Foley)	Chapter 122	Extends for two years the Wildcard provisions which support parity between federally and state-chartered banks
A.6924-B (Towns)	S.3725-A (Foley)	Chapter 123	Amends the New York Law regarding Mortgage Loan Originators (MLOs) to comply with requirements of recently enacted federal law
A.7921 (Peralta)	S.4583 (Parker)	Chapter 330	Clarifies the existing law concerning the establishment of multiple branches in an existing banking development district program

Assembly Bill Number Sponsor	Senate Bill Number Sponsor	Final Action	Description
A.8121 (Jeffries)	S.3426 (Serrano)	Passed Assembly	Makes Community Reinvestment Act (CRA) assessments more informative in order to better understand the availability of banking services for low to moderate income consumers
A.8305 (Meng)	S.2760 (Monserrate)	Chapter 259	Establishes the Reverse Mortgage Fairness Act of 2009
A.8382 (Castro)	S.5534 (Foley)	Chapter 166	Extends the provisions on open end loans

APPENDIX C
SUMMARY OF LAWS ENACTED DURING THE
2009 LEGISLATIVE SESSIONS

Assembly Bill Number Sponsor	Senate Bill Number Sponsor	Final Action	Description
A.259 (Peralta)	S.136 (Foley)	Chapter 11	Allows the establishment of multiple branches in an existing banking development district by a bank, trust company or national bank
A.6923-A (Townes)	S.3724-A (Foley)	Chapter 122	Extends for two years the Wildcard provisions which support parity between federally and state-chartered banks
A.6924-B (Townes)	S.3725-A (Foley)	Chapter 123	Amends the New York Law regarding Mortgage Loan Originators (MLOs) to comply with requirements of recently enacted federal law
A.7921 (Peralta)	S.4583 (Parker)	Chapter 330	Clarifies the existing law concerning the establishment of multiple branches in an existing banking development district program
A.8305 (Meng)	S.2760 (Monserate)	Chapter 259	Establishes the Reverse Mortgage Fairness Act of 2009
A.8382 (Castro)	S.5534 (Foley)	Chapter 166	Extends the provisions on open end loans