

Assemblymember

Annette M. Robinson

2012 Legislative Update

Message from the Chair



Dear Constituent:

As the Chairwoman of the Assembly Banks Committee, I am pleased to provide an update on the Committee's activities during the 2012 legislative session. I would like to thank Speaker Sheldon Silver for his support, and I thank my Assembly colleagues for their cooperation. Additionally, I would like to acknowledge my former colleague and present New York State Homes and Community Renewal Commissioner, Darryl C. Towns, for his years of hard work and dedication as Committee Chair.

During this session, the committee reported and passed legislation that improved the professionalism and regulation of the mortgage industry, ensured the effective regulation of the banking industry and protection of banking consumers.

I look forward to working with my legislative colleagues and the banking industry in 2013, particularly in order to increase access to affordable lending, financial protection for the elderly, financial institution accountability, expansion of services provided by the Banking Development District Program, as well as promote financial literacy and education options available to the public.

As always, I strongly encourage any person with questions or concerns regarding banking-related issues to contact me.

Sincerely,

Annette M. Robinson
Chairwoman

2012 Legislative Initiatives

New Laws of 2012

- Conformed New York law to recent federal law amendments made by the Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). These amendments relate to interstate branching, as well as the establishment of branches and trust offices by both New York banks and out-of-state banks and trust companies. **(A.10567A Robinson/S.6777-B Griffo; Chapter 180)**
- Makes the necessary corrections and clarification to the various statutes of New York State Law to reflect the merger of Banking and Insurance Departments into the Department of Financial Services **(A.9820A Robinson/S.6738-A Seward; Chapter 155)**
- Excludes home improvement loans insured by the Federal Housing Administration (FHA) from the provisions of state law that would otherwise prohibit mortgage brokers from directly paying home improvement contractors. **(A.8909 Jeffries/S.6124 Savino; Chapter 5)**
- Limits the number of personal mortgage loans that can be issued without acquiring a mortgage banking license to no more than five loans in a two-year period or no more than three loans in a calendar year **(A.9123 Robinson/S.3779 Smith; Chapter 47)**
- Creates a deposit program that would provide greater flexibility for the deposit of public funds to ensure that the full amount of each deposit is covered by Federal Deposit Insurance Corporation (FDIC) insurance. **(Local Government Committee: A.8971 Magnarelli/S.5135 Martins; Chapter 128)**

Legislation that Passed the Assembly

- Prohibits mortgage brokers and mortgage lenders from receiving directly or indirectly, any compensation that is based on, or varies with, the terms of any home loan, also known as yield spread premiums. **(A.7329 Barron/S.886 Krueger; Passed both houses)**
- Requires all transmitters of money by wire or electronic transfer to clearly and prominently warn customers about fraud prior to completing the transfer **(A.8928B Nolan; passed Assembly/S.6276B Gianaris)**
- Prohibits the transfer of funds as a penalty for providing final payment after a bank account holder has

2012 Legislative Initiatives (continued from page 1)

- given oral or written communication to stop preauthorized electronic fund transfers. (**A.9787 Robinson/ S.219A Maziarz; Passed both houses**)
- Removes the prohibition on tax return preparers or facilitators operating in same premises as licensed check cashers. (**Ways and Means Committee: A.9890 Farrell/S.7702 Defrancisco; Passed both houses**)
- Requires mortgage lenders to provide a certificate of merit to the court indicating that their mortgage foreclosure action is meritorious and is supported by the appropriate documentation. (**Judiciary Committee: A.10395; Passed Assembly/ S.7571; Rules**)
- Reconciles New York law with the federal Electronic Funds Transfer Act. (**Judiciary Committee: A.10591 Robinson/ S.7493A Griffo; Passed both houses**)

*** All bills reported from Assembly Banks Committee unless noted.**



Mr. Benjamin Lawsky, Superintendent, NYS Dept. of Financial Services, addresses the Banks Committee on the merging of the NYS Banking & Insurance Departments (March, 2012)

TIPS ABOUT PAYDAY LOANS

Consumer payday loans are **ILLEGAL** in New York! A payday loan is a high-interest loan borrowed against your next paycheck. In New York State, most payday loans are made by phone or online. In order to apply for a payday loan, a borrower generally needs to have a checking account and proof of income.

If you receive an offer for a payday loan, please report it to the New York State Department of Financial Services by calling 1-877-BANK-NYS (2265-697) or visiting dfs.ny.gov.

If you are in need of cash, here are some alternatives to consider:

Learn more about Human Resources Administration (HRA) emergency assistance programs, including cash assistance, medical assistance, food stamps, and job opportunities. Call **311** or visit nyc.gov/hra to learn more about public assistance.

Look into a small loan from a credit union or bank. These loans usually have lower interest rates than a payday loan. Be sure to shop around to find the best offer for you.

Inquire about an advance from your employer.

Ask family or friends for a small loan.

A cash advance is sometimes available from your credit card provider. It may have a higher interest rate than a credit union or bank loan, but it's a lot cheaper than a payday loan. Be sure to compare all costs.

Consider free, one-on-one, professional financial counseling. Call **311** to make an appointment at one of the City's Financial Empowerment Centers.

If a collection agency tries to collect on a payday loan, visit nyc.gov/consumers or contact **311** to file a complaint with Department of Consumer Affairs.

***Consumer Alerts information provided by New York City Office of Consumer Affairs (DCA)**

CONSUMER ALERTS

THINGS TO KNOW ABOUT DEBT COLLECTION IN NEW YORK CITY

All debt collection agencies that seek to collect personal or household debts from New York City residents must have a Department of Consumer Affairs (DCA) license no matter where the agency is located.

In New York, a debt collector cannot collect or attempt to collect on a payday loan.

A debt collector cannot contact your employer, family, friends and neighbors about the debt or discuss it with them. A collector can only contact someone other than the consumer to locate the consumer.

A debt collection agency may not make false statements or threaten you. A debt collector cannot threaten to arrest you, report the consumer to immigration authorities or claim they are marshals or sheriffs. They can also not threaten to have you evicted, take or garnish your wages, take the money from your bank account, or take your personal belongings without first obtaining a judgment against you in court.

Debt collectors cannot call too early, too late or too often. In New York City, debt collectors cannot call you before 8 a.m. or after 9 p.m. They also cannot call you more than twice a week if the collector has made contact with you.

Debt collectors cannot lie about the amount owed. A debt collection agency cannot claim the debt owed is greater than it is or claim a consumer owes the debt when they do not.

A debt collection agency must tell you if the statute of limitations for collecting the debt has expired.

Beware of debt collection companies or companies working with debt collection companies that offer you a credit card if you repay, in part or in full, an old debt that may have expired. Companies may use terms like “Fresh Start Program” or “Balance Transfer Program” to describe offers to transfer your old debt to a new credit card account after you make a certain number of payments. *If you accept the credit card offer and start making payments, the debt collection agency’s time limit (statute of limitations) for suing you to collect this debt will restart.* The company offering the credit card may not tell you that this is a consequence of getting the credit card.

It is illegal for a debt collection agency to use “caller ID spoofing.” Some debt collection agencies are using spoofed (or faked) phone numbers to disguise their identities on caller ID. For example, a debt collector may use the number of a relative or government agency to get you to answer the phone.

DO NOT ignore a collector.

Check that the debt collection agency is licensed. Debt collection agencies must include their DCA license number in all letters sent to you.

Check that the debt collection agency provided required information. By law, debt collection agencies must provide the following information in all communications to you:

- the name of the debt collection agency
- the name of the original creditor
- the amount of the debt and any fees
- a call-back number to a phone that is answered by a live person and the name of that person. If your call is routed from the agency’s main telephone line, the live person qualified to handle your questions must answer the call within 60 seconds
- information about your right to dispute the debt

Always request that the debt collector send you written verification of the original debt even if you recognize the debt. Verification must include:

- a document from the original creditor that shows you made the purchase and owe the debt
- a copy of the final account statement from the original creditor
- a document that lists:
 - the total principal amount you owe (The principal may be either the original amount borrowed OR the part of the amount borrowed that remains unpaid minus any charges or fees) each additional charge or fee you owe that separately lists:
 - * the total for each charge or fee and the date each was incurred
 - * description of why you must pay the additional charge or fee

Once you request verification, a debt collection agency may not contact you to collect the debt until it sends you verification. Do not be pressured into making any payments until you have received verification of the original debt.

Confirm if you owe the debt by checking your credit report.

Check how old the debt is. If the statute of limitations on the debt is expired, the collector must disclose this information to you, along with information about your legal rights. The statute of limitations is the period of time within which a creditor or collector can sue you in court to collect the debt.

Protect your money. If a debt collection agency is unlicensed, fails to give you information required by law, or unlawfully threatens or harasses you, “spoofs” you, or if you need to verify if a debt collection agency is licensed, call **311** or visit **nyc.gov/consumers** to file a complaint with the Department of Consumer Affairs.

IMPORTANT NUMBERS FOR ASSISTANCE WITH FINANCIAL SERVICES

NEW YORK CITY

Department of Consumer Affairs (DCA)

- Office of Financial Empowerment @ Bedford Stuyvesant Restoration Corp.
- Services include free one-on-one counseling and financial coaching to all residents in money management, budgeting, financial planning, benefit screenings, and credit counseling as well as, advice on everything from negotiating with creditors to finding affordable banking services.

Contact Location:

1406 Fulton Street, Brooklyn, NY
718-636-6994

Bridge Street Development Corporation

www.bsdcorp.org

- Provides counseling and workshops for first time homebuyers, individual budgeting, credit rebuilding and investing in stocks and bonds.

Contact Location:

460 Nostrand Avenue, Brooklyn, NY 11216
718-399-0146

Pratt Area Community Council

www.prattarea.org

- Prepare residents for homeownership and other financial decision making through direct counseling, educational seminars and financial literacy and homebuyer workshops, direct links to purchasable homes, foreclosure prevention assistance.

Contact Location:

201 Dekalb Avenue, Brooklyn, NY 11205
718-522-2613

Neighborhood Housing Services of Bedford-Stuyvesant

www.nhsnyc.org

- Provides financial counseling in the areas of assets, savings, taxes, credit, budgeting, debit and banking, first time homebuyer counseling, foreclosure intervention, refinancing assistance and financial security counseling for senior citizens.

Contact Location:

1012 Gates Avenue, Brooklyn, NY 11221
718-919-2100

Brooklyn Cooperative Federal Credit Union

www.brooklyn.coop

- Provides checking and savings accounts and loans.

Contact Location:

750 Myrtle Avenue
(between: Sanford & Nostrand), Brooklyn, NY 11205
718-418-8232 x300

Bedford-Stuyvesant Community Legal Services

- Provides quality free civil legal services to the low-income residents of the Bedford-Stuyvesant and Crown Heights communities in the areas of housing rights, foreclosure prevention and taxpayer assistance.

Contact Location:

1360 Fulton Street, Suite 301, Brooklyn, NY 11216
718-636-1155

Neighborhood Economic Development Advocacy Project (NEDAP)

www.nedap.org

- Provides community education on a range of economic justice issues, including the high cost of credit in low income neighborhoods, immigrants' rights in the banking system, predatory mortgage lending, information and referrals on a range of consumer financial issue and community financial literacy and justice courses.

Contact Location:

176 Grand Street, Suite 300, New York, NY 10013
212-680-5100

For additional information regarding preventing foreclosures, log on to: <http://knowthefactsbedstuy.org/>.

STATEWIDE ASSISTANCE

New York State Department of Financial Services (DFS)

www.dfs.ny.gov

- Supervises financial products and services, including those subject to the provisions of the Insurance Law and the Banking Law. The Financial Frauds and Consumer Protection Division protects and educates consumers of financial products and services and fights financial fraud.

Consumer Hotline: 1-877-BANK-NYS (2265-697)

Foreclosure Relief Hotline: 1-800-269-0990

New York State Office of the Attorney General

www.ag.ny.gov

- Consumer Frauds and Protection Bureau prosecutes businesses and individuals engaged in fraudulent, misleading, deceptive or illegal trade practices.

Contact: 1-800-771-7755

FEDERAL ASSISTANCE

The Federal Reserve Board

www.federalreserve.gov/pubs/refinancings/default.htm

- A Consumer's Guide to Mortgage Refinancing - This guide provides useful information to assist homeowners navigate and understand mortgage refinancing. Some of the topics included are: when is the best time to refinance, how to shop for a new loan, refinancing cost, eligibility, where to go for help, glossary of banking terms and federal agency contacts.



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