



NEW YORK STATE SENATOR

John A. DeFrancisco

State Senate Passes Bill Requiring Lenders to Provide Documentation for Satisfied Mortgages

JOHN A. DEFRANCISCO June 11, 2013

State Senator John A. DeFrancisco announced that his mortgage tax legislation (S2312) passed the New York state Senate today, June 11, 2013.

The legislation would provide property owners who are refinancing their mortgages with a new bank the ability to demand either a certificate of discharge, which shows that the mortgage is satisfied, or an assignment of mortgage, which shows a transfer from their original bank lender to a new lender.

Under the current law, many banks do not feel obligated to provide an assignment of mortgage document with a loan that is being refinanced, so if a mortgage is paid off through refinancing, the bank will only issue a certificate of discharge. The result is that mortgagors who are refinancing an existing mortgage with a new bank pay part of the mortgage tax twice. They pay tax on the new debt, which is any increase more than the amount still due on the first mortgage and also, on the original debt, which was taxed when the mortgage was taken out. If a property owner is issued an assignment of mortgage, he or she can avoid double taxation.

“Already, New Yorkers pay exorbitant property taxes, and are taxed from the time they get up in the morning, until the time they go to sleep at night, and this is yet another example of New York state taxing its citizens too much. We are driving our citizens out of our state, and it must stop,” said Senator DeFrancisco.

The bill has been sent to the Assembly and is awaiting approval by that body.