



2021 ANNUAL REPORT

NEW YORK STATE SENATE STANDING COMMITTEE ON BANKS



**SENATOR
JAMES SANDERS JR.**
CHAIR

THE SENATE
STATE OF NEW YORK



JAMES SANDERS JR.
SENATOR, 10TH DISTRICT

CHAIRMAN

BANKS

MEMBER

COMMERCE, ECONOMIC DEVELOPMENT
AND SMALL BUSINESS

CULTURAL AFFAIRS, TOURISM,
PARKS AND RECREATION

INSURANCE

LABOR

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December 17, 2021

The Honorable Andrea Stewart-Cousins
Temporary President and Majority Leader
New York State Senate
Albany, NY 12247

Dear Senator Stewart-Cousins:

I am pleased to transmit the Annual Report of the Senate's Standing Committee on Banks for the 2021 Legislative Session. As Chair, I am proud to continue to lead our efforts to address important matters under my committee's jurisdiction.

During the 2021 session, this committee met 4 times in session and reported 21 bills.

I thank my colleagues who served on the Committee for their efforts and support of the work that was done in the Committee this year, and I thank you for the continued support from the Majority Conference in the Committee's operations.

Sincerely,

A handwritten signature in blue ink that reads "J. Sanders Jr." with a stylized flourish at the end.

James Sanders Jr.

2021 LEGISLATIVE SESSION REPORT

NEW YORK STATE SENATE STANDING COMMITTEE ON BANKS

Senator James Sanders Jr., Chairperson

COMMITTEE MEMBERS

Senator Neil D. Breslin	Senator George Borrello, <i>Ranking Member</i>
Senator Jabari Brisport	Senator Daniel G. Stec
Senator Timothy M. Kennedy	Senator James Tedisco
Senator Rachel May	
Senator Kevin S. Parker	
Senator Diane J. Savino	
Senator Kevin Thomas	

COMMITTEE STAFF

Paul Alexander, Legislative Director
Khadijah Peek, Committee Director
Ivan Young, Counsel

I. INTRODUCTION

The New York State Senate Standing Committee on Banks is responsible for reviewing and initiating legislation that affects financial institutions that operate in New York State. The Committee addresses issues arising under the New York State Banking Law.

Entities subject to the jurisdiction of the Banks Committee include banks, credit unions, savings banks, savings and loan associations, licensed lenders, licensed check cashers, money transmitters, trust companies, safe deposit companies, bank holding companies, sales finance companies, budget planners, mortgage brokers, mortgage bankers, insurance premium finance agencies, and foreign and private banks.

The bills within the Banks Committee address a broad range of banking concerns, from both the industry and consumers, including maintaining the competitive balance among financial institutions, protecting customers' interests, providing financing options, and modifying banking regulations and administration.



II. MAJOR ISSUES OF 2021

A. Industry Issues

Expands the requirements of the state Community Reinvestment Act (CRA) to non-depository lenders

**S.5246-A (KENNEDY)/A.6247-A (Peoples-Stokes)
Chapter 549 of the Laws of 2021**

In February of 2021, the Department of Financial Services released a report on redlining within the City of Buffalo. In it, DFS recommended that non-depository lenders are extended into CRA's mechanisms of investigation and compliance. Accomplishing so would increase lending to minorities and low-income borrowers as they are currently served at higher rates than CRA regulated banks. This is collaborated by Homestead Funding Corp, a non-depository lender who explained that its ability to reach minority populations in the Buffalo area is partly attributable to the fact that it operates in another state with CRA requirements on non-depository institutions.

Directs the Department of Financial Services to conduct a study on certain impacts of the coronavirus (COVID-19) pandemic

S.6070-A (SANDERS)/A.7324-A (Anderson)

Minority and low-income communities were hit especially hard by COVID19, according to news reports since the pandemic began in New York state in March 2020. Given the importance of banking to everyone, policymakers and the public have an interest in understanding how the pandemic impacted minority and low-income communities as it relates to the banking sector and to learn how these problems can be addressed.

B. Consumer Protection and Convenience

Requires creditors to provide a single point of contact to borrowers in the foreclosure process who will be responsible for providing accurate account and other information related to the foreclosure process and loss mitigation efforts

S.671 (SANDERS)/A.1935 (Perry)

Chapter 565 of the Laws of 2021

This legislation requires a lender to appoint to the borrower one contact person who will be responsible for all communications with the borrower and who will be responsible for the entire process. Having one person responsible will make it less likely that a borrower who is trying to save his or her home will fall victim to the bureaucracy of the foreclosure mitigation process and of the very large mortgage servicers.

Requires banks to provide written notification that accepting an alternative loan payment schedule may have a negative impact on credit scores

S.1566-A (SANDERS)/A.5915-A (Zinerman)

Chapter 568 of the Laws of 2021

This legislation addresses the practice some banks use by which they arrange an alternative payment schedule with a customer and leave the customer with the impression that this arrangement will prevent the financial institution from hurting the customer's credit rating. When an alternative payment schedule is arranged, a bank may still report a customer as being late on their payments even though they have worked out a compromised alternative. Most customers are unaware of this and don't know that the alternative payment schedule is really not helping them preserve their credit rating.

III. BANKS COMMITTEE 2022 OUTLOOK

The Senate Majority and the Committee's pursuit of consumer protection initiatives aim to provide a fair playing field for both consumers and financial institutions. The New York State Senate Standing Committee on Banks will continue to pursue an agenda that responds to the banking industry and consumers' needs and concerns.

During the 2022 Legislative Session, the Senate Banks Committee will continue in its efforts to create and promote legislation that broadens access to business credit, increases financial literacy, and protects financial institutions from theft and fraud. The global pandemic continues to pose a great challenge to our economy and the banking sector. As we look to this legislative session, the Committee will continue to address what implications COVID-19 will have on financial institutions and consumers.

The Banks Committee will continue to work on strengthening the New York State banking charter not only for our state-chartered banks doing business here, but also for other banking institutions that may be considering obtaining a charter in New York. New York is the financial capital of the United States, and a strong state banking charter is an important asset to its continued strength.

The Committee will also continue to work toward the goal of ensuring access to fair and responsible credit for all borrowers and small businesses in order to strengthen our economy and improve opportunities for all residents of the state.

TWO HOUSE BILLS

In 2021, 8 of the 21 bills reported from the Standing Committee on Banks passed both houses of the Legislature. Of these bills, the Governor has signed 7 and vetoed 0.

Bill No.	Sponsor	Summary	Action
S671	Sanders	Relates to modifying delinquent mortgage loans and single point of contact	Chapter 565 of 2021
S760	Biaggi	Relates to reverse cooperative apartment unit loans for persons seventy years of age or older	Chapter 643 of 2021
S1465	Breslin	Provides that every banking institution maintaining checking accounts for customers shall pay checks in the order received within account balance	Chapter 398 of 2021
S1566-A	Sanders	Requires banks to provide written notification that accepting an alternative loan payment schedule may have a negative impact on credit scores	Chapter 568 of 2021
S5246-A	Kennedy	Relates to the assessment of the record of performance of mortgage bankers in helping to meet the credit needs of local communities	Chapter 549 of 2021
S 6070-A	Sanders	Directs the department of financial services to conduct a study on certain impacts of the coronavirus (COVID-19) pandemic	On the Governor's Desk
S6444	Sanders	Extends the effectiveness of certain provisions relating to permissible fees in connection with open end loans	Chapter 201 of 2021
S7090	Thomas	Provides for reporting for the state charter advisory board and extends the effectiveness of such board	Chapter 302 of 2021

SUMMARY OF COMMITTEE ACTIVITY

Bill No.	Sponsor	Summary	Significant Action
S134	Mayer	Relates to establishing limitations on bank accounts after such accounts have been closed	Passed Senate Only
S166-B	Gianaris	Requires transmitters of money to provide a certain warning to consumers	Passed Senate Only
S664	Sanders	Relates to including information concerning repayment of outstanding loans in the standard financial aid award letter	Passed Senate Only
S670	Sanders	Allows credit unions, savings banks, savings and loan associations and federal savings associations to accept and secure deposits from municipal corporations	Reported from Committee
S671	Sanders	Relates to modifying delinquent mortgage loans and single point of contact	Chapter 565 of 2021
S760	Biaggi	Relates to reverse cooperative apartment unit loans for persons seventy years of age or older	Chapter 643 of 2021
S1015	Benjamin	Prohibits state chartered banking institutions from investing in and providing financing for private prisons	Passed Senate Only
S1465	Breslin	Provides that every banking institution maintaining checking accounts for customers shall pay checks in the order received within account balance	Chapter 398 of 2021
S1565	Sanders	Relates to unauthorized entities, unregistered mortgage brokers and mortgage fraud	Passed Senate Only
S1566-A	Sanders	Requires banks to provide written notification that accepting an alternative loan payment schedule may have a negative impact on credit scores	Chapter 568 of 2021
S1684	Sanders	Relates to directing the department of financial services to conduct a study on underbanked communities and households in New York state and to make recommendations to improve access to financial services	Passed Senate Only

Bill No.	Sponsor	Summary	Significant Action
S2143-A	Kavanagh	Relates to mortgage loan servicers	Passed Senate Only
S3121-C	Kavanagh	Relates to licensing consumer debt collectors	Reported from Committee
S3676	Comrie	Requires 10% of the penalties imposed by the superintendent of financial services to be deposited in the community development financial institution fund	Passed Senate Only
S4894	Sanders	Prohibits banking organizations from issuing mail-loan checks without request or application therefor	Passed Senate Only
S5046	Parker	Relates to alternative investment bonds	Passed Senate Only
S5246-A	Kennedy	Relates to the assessment of the record of performance of mortgage bankers in helping to meet the credit needs of local communities	Chapter 549 of 2021
S5658	Parker	Relates to the report of suspected financial exploitation	Passed Senate Only
S 6070-A	Sanders	Directs the department of financial services to conduct a study on certain impacts of the coronavirus (COVID-19) pandemic	On the Governor's Desk
S6444	Sanders	Extends the effectiveness of certain provisions relating to permissible fees in connection with open end loans	Chapter 201 of 2021
S7090	Thomas	Provides for reporting for the state charter advisory board and extends the effectiveness of such board	Chapter 302 of 2021



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