

BILL TEXT:

STATE OF NEW YORK

9136

2009-2010 Regular Sessions

IN ASSEMBLY

September 4, 2009

Introduced by M. of A. JEFFRIES, V. LOPEZ, CAMARA, JAFFEE,
WRIGHT, CRES-
PO, PEOPLES, BENJAMIN, MILLMAN, ROBINSON, REILLY,
LIFTON, BARRON,
DenDEKK- CYMBROWITZ, ROSENTHAL, BING -- Multi-Sponsored by -- M. of A.
ER, FARRELL, GLICK, HEASTIE, LENTOL, PHEFFER -- (at request
of the State of New York Mortgage Agency) -- read once and
referred to the Committee on Housing

AN ACT to amend the public authorities law, in relation to the
insurance of certain preservation loans by the state of New York
mortgage agency mortgage insurance fund

The People of the State of New York, represented in Senate
and Assembly, do enact as follows:

1 Section 1. Section 2428 of the public authorities law is
amended by
2 adding a new subdivision 2-a to read as follows:
3 2-a. The agency may issue a commitment to provide and may
insure a
4 preservation loan in an amount equal to the full outstanding
principal
5 indebtedness of such preservation loan if: (a) the existing
indebtedness
6 shall have been originated during the period from January
first, two
7 thousand four through December thirty-first, two thousand
eight, (b) the
8 amount of each insured preservation loan shall not exceed
one hundred

9 fifty million dollars, (c) such preservation loan shall
preserve afford-
10 able housing accommodations, and (d) the preservation loan
shall have
11 been made by a public benefit corporation of the state of New
York which
12 public benefit corporation has issued or will issue bonds or
notes, some
13 or all of the proceeds of which bonds or notes shall have
been, or will
14 be, used to make such preservation loan, or the preservation
loan shall
15 have been made by a public employee pension fund.

16 § 2. Paragraph (c) of subdivision 8 of section 2428 of
the public

17 authorities law, as amended by chapter 113 of the laws of
2000, is

18 amended to read as follows:

19 (c) The agency shall not issue a commitment to insure nor
shall it

20 provide loan insurance for a preservation loan unless (i) such
loan is

EXPLANATION--Matter in italics (underscored) is new; matter in
brackets

[-] is old law to be omitted.

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1 made with respect to a one to four family dwelling; or (ii)
such loan is

2 made with respect to a building, which on the effective
date of this

3 subparagraph, is owned by a cooperative housing corporation
formed for

4 the purpose of the cooperative ownership of residential real
estate in

5 the state where such refinancing is not otherwise available
and such

6 loan will facilitate or accommodate affordable homeownership
opportu-

7 nities; or (iii) such loan is made with respect to the real
property and

8 improvements owned by a cooperative housing corporation formed
for the

9 purpose of the cooperative ownership of residential
manufactured homes

10 in the state where such refinancing is not otherwise available
and such

11 loan will facilitate or accommodate affordable homeownership
opportu-

12 nities; or (iv) such loan is made with respect to multi-family
residen-

13 tial buildings with existing indebtedness originated during
the period

14 from January first, two thousand four through December thirty-
15 first, two
16 thousand eight, where such loan will facilitate or accommodate
17 the pres-
18 ervation of affordable housing accommodations.

19 § 3. Construction. This act and all powers granted hereby
shall be
20 liberally construed to effectuate its intent and their
purposes, without
21 implied limitations thereon. This act shall constitute full and
complete
22 authority for all things herein contemplated to be done. All
rights and
23 powers herein granted shall be cumulative with those derived
from other
24 sources and shall not, except as expressly stated herein, be
construed
25 in limitation thereof. Insofar as the provisions of this act
are incon-
26 sistent with the provisions of any other act, general or
special, the
27 provisions of this act shall be controlling.

28 § 4. Severability clause. If any clause, sentence, paragraph,
section
29 or part of this act be adjudged by any court of competent
jurisdiction
30 to be invalid, such judgment shall not affect, impair or
invalidate the
31 remainder hereof but shall be applied in its operation to
the clause,
32 sentence, paragraph, section or part hereof directly involved
in the
33 controversy in which such judgment shall have been rendered.

34 § 5. This act shall take effect immediately; provided however
that the
35 amendments to paragraph (c) of subdivision 8 of section
2428 of the
36 public authorities law made by section two of this act shall
not affect
37 the expiration of such subdivision and shall be deemed to
expire there-
38 with.

SPONSORS MEMO:

**NEW YORK STATE ASSEMBLY
MEMORANDUM IN SUPPORT OF LEGISLATION
submitted in accordance with Assembly Rule III, Sec 1(f)**

BILL NUMBER: A9136

SPONSOR: Jeffries (MS)

TITLE OF BILL: An act to amend the public authorities law, in relation to the insurance of certain preservation loans by the state of New York mortgage agency mortgage insurance fund

PURPOSE:

The bill would grant the State of New York Mortgage Agency Mortgage Insurance Fund ("MIF") authority to insure the full principal amount of certain preservation loans thereby enabling the MIF to provide needed support for the refinancing of certain multi-family affordable housing accommodations which became overleveraged during the current housing crisis.

SUMMARY OF PROVISIONS:

Section 1 of the bill would amend Public Authority Law ("PAL") § 2428 by adding a new subdivision 2-a to the Agency's statute to authorize the Agency to provide mortgage insurance for the full amount of certain refinancing/preservation loans which meet the following requirements (i)

the indebtedness being refinanced was originated during the period from January 1, 2004 through December 31, 2008, (ii) the amount of such loan does not exceed \$150 million, (iii) the loan will preserve affordable housing units in the State, and (iv) the loan shall have been made by a public benefit corporation of the state of New York which has issued bonds or notes to make such loan, or the loan shall have been made by a public employee pension fund.

Section 2 of the bill would amend PAL § 2428(8)(c) to provide that the Agency may issue commitments for, and insure preservation loans made with respect to, multi-family residential buildings seeking to refinance existing indebtedness that was originated during the period from January 1, 2004 through December 31, 2008 where the loan will preserve affordable housing accommodations. .

Section 3 would provide that this bill and powers delineated therein be liberally construed to effectuate the intent and purpose of the bill.

Section 4 would contain a severability clause.

Section 5 would provide that the bill takes effect immediately.

EXISTING LAW:

Under current law, the MIF has the authority to insure preservation loans with respect to one to four family dwellings and certain buildings and real property and improvements owned by cooperative housing corporations, both up to an amount not exceeding fifty per centum of the outstanding principal indebtedness of such loans.

LEGISLATIVE HISTORY:

None.

STATEMENT IN SUPPORT:

In the years immediately preceeding 2009, the real estate market in the state of New York saw an unprecedented increase in real estate values and in the level of acquisition and rehabilitation financing available to owners. As values have retreated in recent months and the rental market has declined, many of the multi-family residential buildings which were financed or refinanced prior to 2009 have become overleveraged and struggle to avoid loan defaults. In many communities in the State, refinancing is effectively unavailable for these buildings.

Those communities face the loss or deterioration of affordable housing accommodations and the related retail and other community facilities they attract.

This bill would give the MIF the authority to provide one hundred per cent mortgage insurance on certain loans extended for the sole purpose of refinancing existing indebtedness which relate to overleveraged multi-family residential buildings. At present, the MIF is authorized to insure preservation loans in an amount up to fifty percent of the outstanding principal amount of refinancing loans which relate to one to four family dwellings and certain cooperative housing corporations. The preservation loans to be insured pursuant to the expanded authority would remain subject to statutory and other requirements governing loans insured by the MIF. In addition, the bill would require that the existing indebtedness to be refinanced be originated during a targeted period during which over expansive lending practices resulted in overleveraged multi-family residential buildings, each such preservation loan be subject to a per loan cap, and each such preservation loan preserve affordable housing accommodations. It is the intention that this author-

ity be targeted, and enable the resources of the MIF to be committed to, the refinancing of certain troubled multi-family loans pursuant to statutory and other requirements consistent with the MIF's established mortgage insurance standards.

BUDGET IMPLICATIONS:

None.

EFFECTIVE DATE:

The act takes effect immediately.