

# PROGRAM BILL # 36

## GOVERNOR'S PROGRAM BILL 2016

### MEMORANDUM

An Act to amend the State of New York Mortgage Agency Act, in relation to the establishment of the community restoration fund.

#### Purpose:

This bill would amend the State of New York Mortgage Agency Act (the "Act") to create the New York State Community Restoration Fund to assist homeowners who are either delinquent on their mortgage payments or are in danger of going into default because of economic hardship.

#### Summary of provisions:

Section one of the bill would amend Section 2401 of the Act to set forth the Legislative intent.

Section two of the bill would amend §2404 of the Act to authorize SONYMA to create: (i) the New York State Community Restoration Fund (the "Fund") and; (ii) a subsidiary to administer and operate such a Fund, including the right to own, acquire and dispose of real property, mortgages and mortgage notes.

Section three of the bill would create a new § 2405-f of the Act to

- define certain terms, including: "vacant and abandoned" which shall be a property that is not occupied by an owner or tenant and where the property is either a health and safety risk, has been deemed unsafe for occupancy by the relevant governmental entity, or the homeowner or mortgagor has informed the mortgagee in writing of their intention to not occupy the property
- establish that federally certified Community Development Financial Institutions, non-profit or housing counseling agencies, land banks or local governments are eligible to work in partnership with the fund;
- authorize SONYMA to administer the fund, and to utilize the funds' resources to acquire, purchase, modify, rehabilitate, demolish, and or sell residences and/or mortgage notes at par or at below market prices based upon guidelines established by SONYMA in consultation with a seven-member advisory board, comprised of a majority of non-profit community members, provided that the homeowner can demonstrate economic hardship.

- Authorize SONYMA to rehabilitate distressed properties, demolish homes that are dilapidated beyond repair and fund not-for-profit developers, agencies and affordable housing developers to acquire vacant and abandoned properties, based upon specific criteria set forth in the aforementioned guidelines.

Section four would provide the effective date and severability provisions.

Statement in Support:

This bill would provide a key tool for the State to address foreclosure crisis, and make use of the expertise of SONYMA, the State's primary single-family financing agency.

Budget Implications:

None

Effective date:

The bill would take effect immediately.