

# ANNUAL REPORT 2021



CARL E. HEASTIE, SPEAKER  
PATRICIA A. FAHY, CHAIR

**NEW YORK STATE ASSEMBLY**  
**COMMITTEE ON BANKS**



PATRICIA A. FAHY  
Assemblymember 109<sup>th</sup> District

THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIR  
Banks Committee  
  
COMMITTEES  
Codes  
Economic Development, Job Creation,  
Commerce and Industry  
Environmental Conservation  
Higher Education  
Tourism, Parks, Arts and  
Sports Development  
Transportation  
  
MEMBER  
Legislative Women's Caucus  
Task Force on Women's Issues

December 15, 2021

The Honorable Carl E. Heastie  
Speaker of the Assembly  
State Capitol, Room 349  
Albany, NY 12248

Dear Speaker Heastie:

I am pleased to submit the 2021 Annual Report for the Assembly Standing Committee on Banks.

The 2021 Annual Report includes details of the Committee's 2021 legislative work and other initiatives undertaken during the year, as well as important developments since the close of session. Additionally, the Report provides the Committee's outlook for the 2022 legislative session where we will continue to protect consumers' financial interests and rights while helping to improve and grow the banking industry across the State.

While the coronavirus pandemic continued to impact the 2021 legislative session, the Banks Committee made significant progress in addressing the needs of New Yorkers as the economy transitioned from shutdown to reopening. The Committee reported legislation to study the impact of COVID-19 on underbanked and underserved areas, to mitigate the rise in overdraft fees, and to prohibit banks from investing in and extending credit to private prisons that are illegal in New York State.

I want to offer tremendous thanks to my fellow members of the Assembly Banks Committee for all of the time and work they put in to serving the interests of the residents of our State during this challenging year. I would also like to thank the Committee staff for their hard work and dedication.

Finally, I greatly appreciate your leadership and collaboration and look forward to a productive session in 2022.

Very truly yours,

Patricia A. Fahy, Chair  
Assembly Banks Committee

**2021 ANNUAL REPORT  
NEW YORK STATE ASSEMBLY  
STANDING COMMITTEE ON BANKS**

**Patricia A. Fahy**  
Chair

**Victor Pichardo**  
Former Chair

**Banks Committee Members**

**Majority**

N. Nick Perry  
Peter J. Abbate, Jr.  
David Weprin  
Robert Rodriguez  
Rodneyse Bichotte Hermelyn  
Kimberly Jean-Pierre  
Rebecca Seawright  
Diana Richardson  
Inez Dickens  
Carmen De La Rosa  
Clyde Vanel  
Yuh-Line Niou  
Al Taylor  
Brian Barnwell  
Steve Stern  
Andrew Hevesi  
Nader Sayegh  
Patrick Burke  
Marianne Buttenschon  
Khaleel Anderson  
Marcela Mitaynes  
Amanda Septimo

**Minority**

Kieran Michael Lalor,  
Ranking Minority Member  
Joe Angelino  
Michael Fitzpatrick  
John Lemondes  
John K Mikulin  
Brian Manktelow  
John Salka  
Robert Smullen

**Staff**

Aaron Suggs, Assistant Secretary for Program and Policy  
Nathan Kerstein, Associate Counsel  
Peter Hoffman, Analyst  
Alexander Flood, Committee Clerk  
Dawn Fowler, Program and Counsel Secretary

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## **I. Introduction**

The New York State Assembly Standing Committee on Banks was established to review and initiate legislation that affects financial institutions that operate in New York State.

The Committee's statutory purview includes the Banking Law, the General Obligations Law, the Uniform Commercial Code, and the Personal Property Law. Entities under the Banking Law jurisdiction include banks, credit unions, savings banks, savings and loan associations, licensed lenders, licensed cashers of checks, 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. Other entities that engage with NY customers in a financial capacity may also be covered by NY State law and the Banking Committee's purview.

The Banks Committee considers bills to address a broad range of banking concerns, from the perspective of both the industry and consumers. We are aware of the need to maintain a competitive balance among financial institutions, protect customers' interests, provide housing finance, and modify banking regulations and administration.

During the 2021 legislative session, the Banks Committee considered 81 bills. The Committee reported 19 of these bills favorably; 12 passed the Assembly; 12 were signed into law and 0 were vetoed.

## **II. Major Issues of 2021**

### **COVID-19 Pandemic**

#### **Study on the Impact of COVID-19**

**A.7324-A (Anderson) / S.6070-A (Sanders)**

This bill would direct the Department of Financial Services in consultation with Empire State Development Corporation to conduct a study on the financial impact of the coronavirus (COVID-19) pandemic on underbanked and underserved areas, small businesses, and minority- and women-owned businesses.

#### *Chapter 792*

### **Regulatory Issues**

#### **Every banking institution shall pay checks in the Order Received**

**A.1073 (Abinanti) / S.1465 (Breslin)**

This bill would require state-chartered banks to pay checks in the order received. However, if there is a situation where there are insufficient funds in the checking account of a customer, and smaller checks which could be paid are received, the smaller checks shall be honored by the available balance.

#### *Chapter 398*

#### **Community Reinvestment Act Expansion**

**A.6247-A (Peoples-Stokes) / S.5246-A (Kennedy)**

This bill would expand the requirements of the Community Reinvestment Act to include non-depository lenders, including online lenders, establishing community reinvestment act reporting guidelines for licensed mortgage bankers. Additionally, this bill would create guidelines for assessing such lenders' record of performance including activities conducted to ascertain credit needs of the community, practices intended to discourage applications for types of credit, and geographical distribution of credit offers.

#### *Chapter 549*

#### **Private Prison Divestment**

**A.7112 (Reyes) / S.1015 (Benjamin)**

This bill would prohibit any state-chartered banking institution from providing financing for or investing in the stocks, securities, or other obligations of any entity that owns or contracts with a government to manage or run a private prison that would be prohibited under the correction law if the facility were located in New York State.

#### *3<sup>rd</sup> Reading*

## **Consumer Issues**

### **Co-op Reverse Mortgages**

**A.1508 (Dinowitz) / S.760 (Biaggi)**

This bill would allow owners of cooperative apartments who are over the age of 62 to obtain reverse mortgages on cooperative apartment units under certain circumstances.

### ***Chapter 643***

### **Requires Creditors to Provide a Single Point of Contact on Delinquent Mortgages**

**A.1935 (Perry) / S.671 (Sanders)**

This bill would require a lender to provide a borrower who is delinquent sixty days or more on a home loan and chooses to pursue a loan modification or other foreclosure prevention alternative a single point of contact for the borrower to reach the lender regarding pursuing a loan modification.

### ***Chapter 595***

### **III. Hearings**

#### **Electronic Notarization**

The Assembly Standing Committees on Banks, along with the Standing Committee on Governmental Operations, the Standing Committee on Consumer Affairs and Protection, and the Standing Committee on Judiciary, participated in the May 7<sup>th</sup>, 2021, hearing on electronic and remote notarization in New York State to examine the impact of authorizing licensed notaries public to conduct notarizations through electronic or remote methods.

For many years, notarizations have been completed in person. However, during the COVID-19 pandemic it has become difficult to conduct business safely in person. As a result, the governor issued an executive order authorizing notarizations to be done through a remote process.

The committees heard testimony from representatives from the Manhattan District Attorney's Office, the Uniform State Laws Committee of the New York City Bar, the Business Council of New York State, the real estate industry, bankers, and other interested parties on the effects of allowing electronic notarizations to become permanent.

#### **Impact of Digitization**

On December 13<sup>th</sup>, 2021, the Assembly Standing Committee on Banks and the Subcommittee on Banking in Underserved Communities along with the Standing Committee on Oversight, Analysis and Investigation and the Standing Committee on Small Business held a hearing on the impact of increased digitization of the banking field and its impact on underserved and underbanked communities.

The rise of financial technology (FinTech) and the digitalization of the banking industry has accelerated in recent years, with the COVID-19 pandemic increasing the prominence of non-traditional banks due to the increased attractiveness of remote banking. For the poorest New Yorkers, this phenomenon presents an opportunity for increased financial inclusion and capitalization through novel financial products. However, the move towards digitalization also threatens to leave some communities behind: the closure of brick-and-mortar banks caused by this trend tends to be concentrated in poorer communities, and some FinTech companies use their remote nature to avoid New York consumer protection rules.

#### **IV. Banking Committee 2022 Outlook**

The Assembly Majority and the Banks Committee have been and will continue to pursue consumer protection initiatives to provide a fair playing field for both consumers and financial institutions. The Committee will continue to pursue an agenda that responds to the banking industry and consumers' needs and concerns.

During the upcoming 2022 legislative session, the Committee will further its efforts to ensure that every New Yorker has access to banking services, home loans, and fair and responsible business and personal credit products. The Committee will also pursue all available avenues to assist New York's residents and businesses with issues arising in the aftermath of the coronavirus (COVID-19) pandemic.

The Banks Committee will also continue to work on strengthening the New York State banking charter, not only for our state-chartered banks, but for other banking institutions that may be considering obtaining state 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.

**Appendices**

**APPENDIX A  
SUMMARY OF ACTIONS ON ALL BILLS  
REFERRED TO THE COMMITTEE ON BANKS  
DURING THE 2021 LEGISLATIVE SESSION**

**TOTAL NUMBER OF COMMITTEE MEETINGS HELD   5**

<u>ASSEMBLY</u>	<u>SENATE</u>	<u>TOTAL</u>
<u>BILLS</u>	<u>BILLS</u>	<u>BILLS</u>

**BILLS REPORTED FAVORABLE TO:**

Codes	6	0	6
Judiciary	0	0	0
Ways and Means	7	0	7
Rules	1	0	1
Floor	4	0	4
<b>TOTAL</b>	<b>18</b>	<b>0</b>	<b>18</b>

**COMMITTEE ACTION**

Held For Consideration	0	0	0
Defeated	0	0	0
Enacting Clause Stricken	4	0	4
<b>REMAINING IN COMMITTEE</b>	<b>57</b>	<b>8</b>	<b>65</b>

**BILLS REFERENCE CHANGED TO:**  
ENVIRONMENTAL CONSERVATION 1  
Ways & Means 1

<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>2</b>
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**APPENDIX B**  
**SUMMARY OF FINAL ACTIONS ON BILLS**  
**REPORTED BY THE BANKS COMMITTEE**

<b>Assembly Bill Number (Sponsor)</b>	<b>Senate Bill Number (Sponsor)</b>	<b>Final Action</b>	<b>Description</b>
A.976 (Seawright)	S.876 (Comrie)	Chapter 14	Directs a study of the status of consumer awareness and financial education in New York State to instead require that the department of financial services website provide information to enhance consumer financial literacy and consumer awareness which shall include information on basic banking and personal financial management, how credit scores are determined and ways to establish good credit, options for investing and increasing savings, best practices for protecting personal information, and any other topics deemed appropriate by the superintendent.
A.977 (Epstein)	S.887 (Holyman)	Chapter 49	Provides that the department of financial services shall use the information made available to them for the study of which financial institutions provide loans to landlords acquiring or refinancing property that includes rent-regulated and/or small business tenants.
A.979 (Zebrowski)	S.898 (Thomas)	Chapter 61	Exempts certain commercial financing transactions from certain disclosure requirements.
A.1073 (Abinanti)	S.1465 (Breslin)	Chapter 398	Provides that every banking institution which maintains checking accounts for customers shall pay checks in the order received within account balance; provides such banks may dishonor a check for insufficient funds, but then must honor smaller checks within amounts on deposit in the subject account.
A.1508 (Dinowitz)	S.760 (Biaggi)	Chapter 643	Relates to authorizing reverse cooperative apartment unit loans for persons sixty-two years of age or older; provides additional consumer protections.
A.1693 (Pretlow)	S.4894 (Sanders)	Chapter 184	Prohibits banking organizations from issuing mail-loan checks without request or application; provides that failure to destroy or return a mail-loan check does not constitute an acceptance thereof; provides that mail-loan checks shall have the transaction fee and interest rate included on the check.

**APPENDIX B - Cont.**

A.1935 (Perry)	S.671 (Sanders)	Chapter 565	Relates to modifying delinquent home loans and single point of contact.
A.5833 (Pichardo)	S.1684 (Sanders)	Reported to Ways and Means	Directs 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.
A.5864-C (Stirpe)	No Senate Sponsor	Reported to Rules	Requires transmitters of money to provide a warning which informs consumers of certain fraudulent activities that may occur.
A.5915-A (Zinerman)	S.1566-A (Sanders)	Chapter 568	Requires banks to provide written notification that accepting an alternative loan payment schedule may have a negative impact on credit scores; makes related provisions.
A.6247-A (Peoples-Stokes)	S.5246-A (Kennedy)	Chapter 549	Relates to the assessment of the record of performance of mortgage bankers in helping to meet the credit needs of local communities.
A.7019 (Seawright)	S.6444 (Sanders)	Chapter 201	Extends the effectiveness of certain provisions relating to permissible fees in connection with open end loans.
A.7112 (Reyes)	S.1015 (Benjamin)	Advanced to 3 <sup>rd</sup> Reading	Prohibits state chartered banking institutions from investing in and providing financing for private prisons.
A.7324-A (Anderson)	S.6070-A (Sanders)	Chapter 792	Directs the department of financial services to conduct a study on the impacts of the coronavirus (COVID-19) pandemic on underbanked and underserved areas and small businesses and minority- and women-owned business enterprises getting loans.
A.7334 (Pichardo)	S.670 (Sanders)	Reported to Ways and Means	Allows credit unions, savings banks, savings and loan associations and federal savings associations to accept and secure deposits from municipal corporations.
A.7650 (Pichardo)	S.7202 (Sanders)	Passed Assembly	Requires financial institutions to send a written notification of overdraft fees charged to account holders every 180 days.
A.7651 (Pichardo)	No Senate Sponsor	Reported to Ways and Means	Directs the superintendent of financial services to study overdraft fees and prepare a report to be delivered to the governor, the temporary president of the senate and the speaker of the assembly.

**APPENDIX B - Cont.**

A.7786 (Cahill)	S.3577 (Breslin)	Advanced to 3 <sup>rd</sup> Reading	Requires the department of financial services, in consultation with the department of taxation and finance, to conduct a study regarding insurance or other risk mitigation tools and third-party payroll service providers; provides that the superintendent of financial services shall submit a report to the governor, the temporary president of the senate and the speaker of the assembly of the department's findings, conclusions, and recommendations.
A.7924 (Pichardo)	S.7090 (Thomas)	Chapter 302	Provides for annual reporting regarding meetings of the state charter advisory board; and extends the effectiveness of such board for five years.

**APPENDIX C**  
**SUMMARY OF LAWS ENACTED DURING THE**  
**2021 LEGISLATIVE SESSION**

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