



NEW YORK STATE SENATOR

Alessandra Biaggi

Senator Biaggi, Assemblyman Dinowitz, And Co-Op Advocates Celebrate Signing Of Bill To Allow Cooperators To Apply For Reverse Mortgages

ALESSANDRA BIAGGI December 2, 2021

ALBANY, NY – Yesterday, December 1, 2021, Governor Kathy Hochul signed legislation ([S760/A1508](#)) sponsored by Senator Alessandra Biaggi and Assemblyman Jeffrey Dinowitz, which was strongly supported by advocates for cooperative housing in New York, to allow cooperators to obtain reverse mortgages on cooperative apartment loans.

Reverse mortgages are a financial tool frequently used by older homeowners, whose assets are often tied up in their homes to gain access to loans that can be used to pay for daily living expenses by borrowing money against the value of their home without requiring loan payments. Instead, the reverse mortgage is repaid when the borrower dies or sells the home. Prior to the signing of this new law, cooperative apartment owners were forced to sell their homes and relocate because they were not eligible to apply for a reverse mortgage.

This legislation was originally introduced in 2018, and was nearly enacted in 2019 after a significant number of consumer protections were added to strengthen and prevent the type of scams that have often plagued homeowners seeking reverse mortgages. These protections include the establishment of rules and regulations by the state Department of Financial Services, explicit prohibitions on unfair or deceptive practices when marketing or offering

reverse mortgage loans to cooperators, inclusion of supplemental consumer protection materials as deemed appropriate by the Department of Financial Services, provision of monthly account statements on lines of credit, new procedural steps when a lender determines that a loan is in default that requires proactive contact with the borrower, and others.

However, that bill was ultimately vetoed by former Governor Cuomo despite the support from AARP and co-op-oriented organizations and widespread support among legislators (134-10 in the Assembly and 62-0 in the State Senate). The veto memo cited federal regulations precluding cooperative apartments because a reverse mortgage would not be secured by real property (co-ops are not considered to be real property, whereas private homes are), as well as foreclosure risk that borrowers may be exposed to from unscrupulous lenders.

Not to be discouraged, legislators and advocates regrouped and passed the legislation once more — by a margin of 148-1 in the Assembly and the State Senate by a margin of 62-1. This time, with a new Gubernatorial administration and renewed efforts to ensure focus on the lengthy consumer protections included in the bill, the bill was signed into law. The law will go into effect 180 days after it was signed (May 30, 2022) and will be subject to small changes, agreed to by the Governor and both houses, that will clarify and strengthen the language.

State Senator Alessandra Biaggi (D - Bronx/Westchester) said: "As elected officials, we must do everything we can to protect our elderly homeowners — especially in the midst of a pandemic. This legislation will grant elderly and low to middle-income co-op residents the same resources and protections as traditional homeowners, ensuring that they are not ever forced to sell their homes and leave their communities if in need of additional loans. These protections will safeguard elderly communities and allow New York's seniors, who so desperately wish to stay in their homes, the ability to do so. I am grateful to Assemblymember Dinowitz for his continued advocacy on this issue, and to Governor

Hochul for signing this legislation into law and protecting our senior homeowners."

Assemblyman Jeffrey Dinowitz (D - Bronx) said: "Many residential buildings in New York are cooperative apartments. These apartments offer affordable home ownership opportunities to New Yorkers that may not be able or desire to purchase private homes or condos, and it is critical that we do not maintain a bifurcated system where different types of homeowners have different access to the equity contained within their homes. I am proud that this legislation has finally been signed into law, and I am grateful to the many organizations who helped support and shape this policy on behalf of older cooperators. Thank you to Governor Hochul for looking at this legislation with a fresh pair of eyes, and I look forward to a future New York where people are not compelled to leave their homes simply because they need some extra cash flow."

AARP New York State Director Beth Finkel said: "The home you own is your home no matter what form it takes, and AARP New York is thrilled that co-op owners will now be able to access properly-regulated reverse mortgages so they don't lose their homes to meet their financial obligations. AARP New York applauds Governor Hochul for signing this bill into law, and Assemblyman Dinowitz and Senator Biaggi for ensuring it contained strong consumer protections - and their perseverance and determination in seeing it through to enactment."

Stephen Budihas, President of the Association of Riverdale Cooperatives & Condominiums said: "We at the Association of Riverdale Cooperatives & Condominiums (ARC), representing more than 140 buildings that offer nearly 19,000 units of housing throughout the north Bronx, is thrilled to hear that Assemblyman Dinowitz and his colleagues have worked successfully to bring the revised and improved Reverse Mortgage bill to the Governor's desk. Once it is signed, we all look forward to the day when our duly qualified co-operators can take advantage of this means of providing needed financial support, as they may determine and

require, just as our neighbors in private housing have long been able to do. I am confident that coop boards will embrace the new provision and expeditiously review applications with the same diligence as they have long applied to original and second mortgages. Many thanks are due to our elected officials in Albany for recognizing and embracing this initiative for which ARC has so long advocated.”

Mary Ann Rothman, Executive Director of the Council of New York Cooperatives &

Condominiums, said: “When Governor Hochul signed, the Reverse Mortgage legislation it provided hundreds of seniors the hope of living out their lives in the housing cooperatives that have long been their homes.”

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