



2020 ANNUAL  
REPORT

# NEW YORK STATE SENATE STANDING COMMITTEE ON BANKS



**SENATOR  
JAMES SANDERS JR.**  
CHAIR



**NEW YORK STATE SENATE  
STANDING COMMITTEE ON BANKS**

**2020 ANNUAL REPORT**

**Senator James Sanders Jr., Chair  
Senator Thomas O' Mara, Ranking Minority Member**

**COMMITTEE MEMBERS**

Senator George M. Borrello	Senator Roxanne J. Persaud
Senator Neil D. Breslin	Senator Luis R. Sepulveda
Senator Daphne Jordan	Senator James Tedisco
Senator Timothy M. Kennedy	Senator Kevin Thomas
Senator Kevin S. Parker	

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THE SENATE  
STATE OF NEW YORK  
ALBANY

**CHAIRMAN, MAJORITY MEMBER  
BANKS**

**MEMBER**  
COMMERCE, ECONOMIC DEVELOPMENT  
AND SMALL BUSINESS  
CULTURAL AFFAIRS, TOURISM,  
PARKS AND RECREATION  
INSURANCE  
LABOR  
VETERANS, HOMELAND SECURITY AND  
MILITARY AFFAIRS

December 21, 2020

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

Dear Senator Stewart-Cousins:

I am pleased to submit the 2020 Annual Report of the New York State Senate Standing Committee on Banks. As Chair, I am proud to continue to lead our efforts to address important matters under my committee's jurisdiction.

During the 2020 session, this committee met four times, reported 16 bills, sponsored two joint public hearings: one on the impact of COVID-19 on the workforce and one on access to capital for small businesses during the COVID-19 pandemic. Additionally, we held one roundtable on the impact of the Coronavirus on MWBEs. The Committee reported legislation that aimed to protect consumers' financial interests and rights and to expand banking services to unbanked and under-banked communities.

Enclosed are the Committee's significant accomplishments and activities for the 2020 legislative session. It was a pleasure and an honor to serve as Chairman of this Committee. I thank my colleagues who served on the Committee for their efforts and support of the work done in the committee this year. I commend Superintendent Linda A. Lacewell on a year of tremendous progress and collaboration. As always, I thank you for the continued support from the Majority Conference in the committee's operations.

Sincerely,

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

James Sanders Jr.

## 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 2020

### a. Industry Issues

**Requires financial institutions to notify a customer prior to charging a fee based on account inactivity**

**S.4188 (Kennedy) / A.9140 (Abinanti)  
Chapter 268 of the Laws of 2020**

This bill amends the banking law to require financial institutions to provide notice to customers that includes a telephone number and full contact information to reach a representative of the financial institution regarding any charges tendered to a customer for any account inactivity. This legislation is necessary to protect the customer by providing them with adequate contact information to enable them to resolve any inaccuracies contained within such notices.



### b. Consumer Protection and Convenience

**Relates to the forbearance of residential mortgage payments**

**S.8243-C (Kavanagh) / A.10351-B (Rozic)  
Chapter 112 of the Laws of 2020**

This bill would add a new section 9-x to Article 1 of the banking law to require New York regulated institutions to grant 90 days of forbearance to residential mortgagors who can demonstrate financial hardship as a result of the COVID-19 pandemic. This new section would also allow for any mortgagor granted forbearance to choose either to extend their loan for the

length of the forbearance, or to defer the arrears as a lump sum payment due at the maturity of the mortgage. This legislation is necessary because the bill would extend the spirit of the Governor's executive order to all state-regulated mortgage lenders and servicers, requiring them to grant a six-month forbearance period with the option to extend another 180 days - to any mortgagor who certifies they have a loss of income during the COVID-19 crisis, including those already struggling to make payments.

**Directs the NYS Dept. of Financial Services and the NYS Dept. of State's Consumer Protection Division to conduct a study on consumer awareness and financial education S.8721 (Comrie) / A.6070-A (Seawright)  
Chapter 320 of the Laws of 2020**

This legislation would better prepare and educate consumers by requiring the Division of Financial Services, in conjunction with the Department of State, to conduct a study on consumer awareness and financial education needs and to provide recommendations for a consumer awareness program. This legislation is necessary because financial literacy is very important for all New Yorkers. Consumers need to understand the impact of borrowing, access to credit, and debt. Several state agencies provide relevant data, but consumers do not have a single repository to find comprehensive information.

### **III. BANKS COMMITTEE 2021 OUTLOOK**

The Senate Majority and the Committee's pursuit of consumer protection initiatives are taken in order 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 2021 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. However, this year was unprecedented as we were thrust into a global pandemic that plunged the state and world into a severe economic crisis. We imagine that much of this upcoming year will be spent looking into rebuilding a damaged economy.

Moreover, according to Deloitte Insights, "COVID-19 is reshaping the global banking industry on a number of dimensions, ushering in a new competitive landscape, stifling growth in some traditional product areas, prompting a new wave of innovation, recasting the role of branches, and of course, accelerating digitization in almost every sphere of banking and capital markets." As we look to this legislative session, the Committee is invested in addressing 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.

## **IV. PUBLIC HEARINGS**

### **August 13, 2020: Impact of COVID-19 on the Workforce**

On August 13, 2020, the Senate Standing Committee on Banks co-sponsored a Joint Hearing on the impact of COVID-19 on the workforce with the Senate Standing Committee on Labor and the Senate Standing Committee on Investigations and Government Operations. The purpose of the hearing was to investigate the impact of COVID-19 on the workforce, including unemployment insurance, workplace safety standards, and the impact of the federal Payroll Protection Program on maintaining employment.

As of June 2020, the statewide unemployment rate was 15.7% and New York City's unemployment rate had reached 20.4%. Compared to the same time last year, when the unemployment rates were 3.9% statewide and 4% in New York City. It is clear that workers in New York State are still in an unemployment crisis caused by the novel coronavirus COVID-19.

**The hearing was recorded and is available online at:**

<https://www.nysenate.gov/calendar/public-hearings/august-13-2020/joint-public-hearing-impact-covid-19-workforce>

### **October 14, 2020: Access to Capital for Small Businesses during the COVID-19 Pandemic**

On October 14, 2020, the Senate Standing Committee on Banks co-sponsored a Joint Hearing on access to capital for small businesses with the Senate Standing Committee on Commerce, Economic Development and Small Business. The purpose of the joint hearing was to examine the status of lending to small businesses during the COVID-19 pandemic.

The COVID-19 pandemic has had a significant negative impact on many small businesses, including minority-owned small businesses. Lending to small businesses has decreased significantly since the onset of the pandemic, contributing to their financial distress. Many businesses have shut down or are on the verge of permanent closure.

**The hearing was recorded and is available online at:**

<https://www.nysenate.gov/calendar/public-hearings/october-14-2020/joint-public-hearing-access-capital-small-businesses-during>

## **V. ROUNDTABLE**

### **September 24, 2020: Impact of the Coronavirus on MWBEs**

On September 24, 2020, the Senate Standing Committee on Banks co-sponsored a roundtable discussion on impact of the coronavirus on MWBEs with the Senate Standing Committee on Commerce, Economic Development and Small Business. The purpose of this roundtable was to hear from stakeholders about how their businesses have managed during this public health crisis, specifically with regard to the State's MWBE goals.

The Senate engaged participants in a detailed conversation on the impacts MWBEs are experiencing in the availability of contracting opportunities and compliance with the State's MWBE requirements as a result of the Coronavirus pandemic. This discussion was held to address the overwhelming economic impact of COVID-19 and to adopt plans for more swift responses to any future events that may have the same devastating effects on the economy.



## TWO HOUSE BILLS

In 2020, 5 of the 16 bills referred to the Standing Committee on Banks passed both houses of the Legislature. Of these bills, the Governor has signed 3 and vetoed 0.

<b>Bill No.</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Action</b>
S1476B	Hoylman	Directs the department of financial services to study and make recommendations concerning lending practices to landlords acquiring property that includes small business and/or rent-regulated tenants	On the Governor's Desk
S4188	Kennedy	Requires financial institutions to notify a customer prior to charging a fee based on account inactivity	Chapter 268 of 2020
S5470B	Thomas	Requires certain providers that extend specific terms of commercial financing to a recipient to disclose certain information about the offer to the recipient	On the Governor's Desk
S8243C	Kavanagh	Relates to the forbearance of residential mortgage payments	Chapter 112 of 2020
S8721	Comrie	Directs the department of financial services and the department of state's consumer protection division to conduct a study on consumer awareness and financial education in New York state	Chapter 324 of 2020

## SUMMARY OF COMMITTEE ACTIVITY

<b>Bill No.</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Significant Action</b>
S2106A	Sanders	Requires banks to disclose negative consequences of establishing alternative payment schedule on a loan	Passed Senate Only
S1476B	Hoylman	Directs the department of financial services to study and make recommendations concerning lending practices to landlords acquiring property that includes small business and/or rent-regulated tenants	On the Governor's Desk
S297	Gianaris	Requires transmitters of money to provide a certain warning to consumers	Passed Senate Only
S4188	Kennedy	Requires financial institutions to notify a customer prior to charging a fee based on account inactivity	Chapter 268 of 2020
S1589A	Sanders	Establishes the state financial literacy fund	Reported from Committee
S5470B	Thomas	Requires certain providers that extend specific terms of commercial financing to a recipient to disclose certain information about the offer to the recipient	On the Governor's Desk
S2088	Sanders	Relates to unauthorized entities, unregistered mortgage brokers and mortgage fraud	Passed Senate Only
S8243C	Kavanagh	Relates to the forbearance of residential mortgage payments	Chapter 112 of 2020
S2426A	Kaplan	Relates to student debt consultants	Reported from Committee
S8721	Comrie	Directs the department of financial services and the department of state's consumer protection division to conduct a study on consumer awareness and financial education in New York state	Chapter 324 of 2020
S6919	Mayer	Relates to establishing limitations on bank accounts after such accounts have been closed	Reported from Committee
S4652	Sanders	Relates to including information concerning repayment of outstanding loans in the standard financial aid award letter	Passed Senate Only

<b>Bill No.</b>	<b>Sponsor</b>	<b>Summary</b>	<b>Action</b>
S8722	Benjamin	Prohibits state chartered banking institutions from investing in and providing financing for private prisons	Passed Senate Only
S8761	Sanders	Relates to modifying delinquent mortgage loans and single point of contact	Passed Senate Only



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