



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

VETO #213

December 13, 2019

TO THE SENATE:

I am returning herewith, without my approval, the following bill:

Senate Bill Number 3686-B, entitled:

“AN ACT to amend the banking law, the uniform commercial code and the civil practice law and rules, in relation to reverse cooperative apartment unit loans”

NOT APPROVED

This bill would authorize reverse cooperative apartment unit loans for persons sixty-two years of age or older. Approximately 75% of residential buildings in the City of New York are cooperative apartments. Many of their residents are elderly and fall in the lower to middle income bracket. They are currently unable to access the built-up equity in their apartments through conventional reverse mortgages because cooperatives are legally considered personal property, not real property. This legislation would permit cooperative residents who are 62 or older to obtain reverse mortgages.

While the goal of this legislation is laudable, and it remains crucial that we find ways to support the needs of senior citizens, this bill does pose some concerns. Primarily, most reverse mortgages are issued through the Home Equity Conversion Mortgage program, which is insured by the Federal Housing Administration of the Department of Housing and Urban Development (HUD). HUD requirements for reverse mortgage eligibility precludes co-ops because the loan is not secured by real property. While I understand that some senior citizens who own shares of a building would like to be afforded the option to draw on their equity, I am concerned that despite the consumer protections designed to protect borrowers from unscrupulous practices contained in this bill, these borrowers will still be exposed to unnecessary risk that could lead to foreclosure. Unfortunately, I am constrained to veto this bill.

The bill is disapproved.

A handwritten signature in black ink, appearing to read 'Andrew Cuomo', written in a cursive style.