

# New Pamphlet Required to be Given to Applicants for Residential Mortgages

December 30, 2024

New York State Governor Kathy Hochul has signed a new law that will require banking organizations, licensed lenders and mortgage bankers to provide a pamphlet known as "what mortgage applicants need to know" on residential mortgages to each person applying for a loan secured by a mortgage upon residential real estate.

[Senate Bill S5597B](#) amends the New York Banking Law by adding Section 35, requiring that the New York State Department of Financial Services (the "Department") develop a pamphlet known as "what mortgage applicants need to know" on residential mortgages and post such pamphlet on the Department's website. The law becomes effective June 11, 2025 and provides that such pamphlet shall be posted and printed in the six most common non-English languages spoken by individuals with limited English proficiency in New York State.

Copies of the pamphlet must be provided to all licensed lenders and banking organizations offering residential mortgage services. Licensed lenders, mortgage bankers and other banking organizations will be required to provide the pamphlet to each person applying for a loan secured by a mortgage upon residential real estate no later than the third business day after receipt of the mortgage application. A licensed lender, mortgage banker or other banking organization may provide the applicant with the pamphlet via electronic communications, including but not limited to, electronic mail or a hyperlink to the pamphlet posted on the Department's website.

The term "banking organization" in the New York Banking Law is defined as all banks, trust companies, private bankers, savings banks, safe deposit companies, savings and loan associations, credit unions and investment companies. These are entities chartered under New York law, so the new law would not apply to federally-chartered institutions.

The pamphlet, developed by the Department, must include that applicants for residential mortgages have the right to:

1. Compare and negotiate the charges of different mortgage brokers and lenders to obtain the best loan possible.
2. Ask their mortgage broker to explain such person's responsibilities within the mortgage lending process.
3. Know how much the mortgage broker is compensated by the applicant and the lender for their loan.

4. Receive a clear and truthful explanation of the terms and conditions of the loan.
5. Know if the loan being offered is a fixed or adjustable rate mortgage loan, whether the loan can be transferred or refinanced, know the exact amount of their monthly loan payments, including any projected escrow payments, know the final annual percentage rate and the amount of regular payments at the loan's closing.
6. Ask for a loan estimate detailing all loan and settlement charges before they agree to the loan and pay any fees, including without limitation loan application fees, title search and insurance fees, lender's attorney fees, property appraisal charges, inspections, recording fees, late payment fees, transfer taxes, point and origination fees, escrow account balances, which services a loan applicant can shop for and which they cannot, and they are entitled to receive such estimate within three business days of applying for a loan.
7. Obtain credit counseling before closing a loan.
8. Decide whether or not to finance any portion of the points or fees.
9. Refuse to purchase credit insurance for any mortgage loan.
10. Have their property appraised by an independent licensed professional and to receive a copy of the appraisal.
11. Not be subject to deceptive marketing practices.
12. Ask for the Consumer Financial Protection Bureau's ("CFPB") booklet "Your home loan toolkit".
13. Receive the following documents, and every document otherwise required to be given to them at closing under federal and New York state law:
  - a. Loan estimate,
  - b. Closing disclosure.
14. Know what deposits and fees are not refundable if they decide to cancel the loan agreement.
15. Receive in writing the reason for the denial or conditional approval of their loan application.
16. Know, if refinancing, they may cancel a loan within three days of the closing by providing written notification of cancellation to the licensed lender or banking institution.
17. Receive the closing disclosure three days before the closing takes place.
18. Have any lending disputes resolved in a fair and equitable manner.
19. Receive a credit decision that is not based upon their race, color, national origin, religion, sex, family status, sexual orientation, disability or whether any income is from public assistance.
20. File a complaint with the Department or the CFPB if they believe that a mortgage broker or any other entity licensed by the Department or the CFPB has violated any rules, regulations or laws which govern such person's conduct in working with them to get or process a mortgage loan.
21. File a complaint with the New York State Department of State or the CFPB if they believe that a real estate broker has violated any rules, regulations or laws which govern such person's conduct in working with them to purchase a home.

This advisory is a general overview of the new law and is not intended as legal advice. If you have any questions about the new law, please feel free to contact Joseph D. Simon at (516) 357-3710 or via email at [jsimon@cullenllp.com](mailto:jsimon@cullenllp.com), Kevin Patterson at (516) 296-9196 or via email at [kpatterson@cullenllp.com](mailto:kpatterson@cullenllp.com), Elizabeth A. Murphy at (516) 296-9154, or via email at [emurphy@cullenllp.com](mailto:emurphy@cullenllp.com), David Curatolo at (516) 357-3733 or via email at [dcuratolo@cullenllp.com](mailto:dcuratolo@cullenllp.com), or Gabriela Morales at (516) 357-3850 or via email at [gmorales@cullenllp.com](mailto:gmorales@cullenllp.com).

[UPDATE: On February 14, 2025, New York State Governor Kathy Hochul signed a chapter amendment making changes to Banking Law Section 35 to require the Department to notify mortgage bankers and banking

organizations when the “what mortgage applicants need to know” pamphlet is posted on the Department’s website and when any changes to the pamphlet are made.]

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