

**NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES  
3 NYCRR 419**

**SERVICING MORTGAGE LOANS: BUSINESS CONDUCT RULES**

I, Linda A. Lacewell, Superintendent of Financial Services, pursuant to the authority granted by Sections 10, 11, 14, and Article 12-D of the Banking Law and Sections 102, 201, 202, 301, and 302 of the Financial Services Law, do hereby promulgate, as an emergency measure, an amendment to Part 419 of the Superintendent's Regulations, Title 3 of the Official Compilation of Codes, Rules and Regulations of the State of New York, to take effect upon filing with the Secretary of State of New York, to read as follows:

**(New matter is underlined; deleted matter is in brackets)**

**Section 419.14 is amended to read as follows:**

[(a)] For [ninety (90)] one hundred eighty (180) days including and following the effective date of this part, persons servicing mortgage loans shall not be in violation of this part if they comply with the Part 419 that was in effect, by emergency rulemaking, on the effective date of this regulation.

**Statement of the Reasons for the Adoption of Emergency Measure  
Part 419 of the Superintendent's Regulations, 3 NYCRR**

The Legislature required the registration of mortgage loan servicers as part of the Mortgage Lending Reform Law of 2008 (Ch. 472, Laws of 2008), to help address the foreclosure crisis. By registering servicers and requiring that servicers engage in the business of mortgage loan servicing in compliance with rules and regulations adopted by the Superintendent, the Legislature intended to ensure that servicers conduct their business in a manner that protects homeowners.

The Superintendent of Financial Services ("Superintendent") promulgated new Part 419 to 3 NYCRR as an emergency measure after the passage of the legislation cited above. On December 18, 2019, the Superintendent adopted a new final version of Part 419 that made numerous revisions to the prior emergency measure. To facilitate the mortgage industry's transition to the new rules, Part 419.14 was added to the regulation to provide a 90-day transition period for mortgage lender servicers to comply with the new rules. However, the transition period stated in Part 419.14 has proven to be insufficient. Thus, the transition period is being extended to 180 days.

The volume and complexity of the changes required by the new regulation, especially computer programming required to address the new reporting, notice and disclosure requirements for the home equity line of credit ("HELOC") product, is creating the biggest issue for servicers (the HELOC product had been exempt from this regulation prior to its revision). This programming work is largely performed by third party vendors, and the financial institutions cannot fully control the timing of their work. Regulated institutions also need additional time to revise procedures, train compliance staff and provide information to consumers. The business continuity and pandemic planning around the Coronavirus also is diverting the limited resources of smaller financial institutions.

Accordingly, it is imperative that this amendment to Part 419 of the Superintendent's Regulations, 3 NYCRR is promulgated on an emergency basis for the public's general welfare.



Linda A. Lacewell  
Superintendent of Financial Services

Dated: March 13, 2020



**ANDREW M. CUOMO**  
Governor

## Department of Financial Services

**LINDA A. LACEWELL**  
Superintendent

### CERTIFICATION

I, Linda A. Lacewell, Superintendent of Financial Services, do hereby certify that the attached amendment to Part 419 of the Superintendent's Regulations, Title 3 of the Official Compilation of Codes, Rules and Regulations of the State of New York, is duly authorized by me, pursuant to the authority granted by Sections 10, 11, 14, and Article 12-D of the Banking Law and Sections 102, 201, 202, 301, and 302 of the Financial Services Law, to take effect upon filing with the Secretary of State of New York.

Pursuant to Section 202(6) of the State Administrative Procedure Act, this amendment is being promulgated as an emergency measure for the preservation of the general welfare. A statement of the specific reasons for the finding of the need for emergency action is attached.

Linda A. Lacewell  
Superintendent of Financial Services

Dated: March 13, 2020