

VETO # 3

LAWS OF 19 95

MEMORANDUM NO.

SENATE BILL

ASSEMBLY BILL

2463

S. 1632

A. 2463

1995-1996 Regular Session

SENATE ASSEMBLY

February 1, 1995

IN SENATE -- Introduced by Sen. FARLEY -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

IN ASSEMBLY -- Introduced by M. of A. GREENE -- read once and referred to the Committee on Banks

AN ACT to amend the banking law, in relation to banking records

DATE RECEIVED BY GOVERNOR:

3/23

ACTION MUST BE TAKEN BY:

4/4/95

DATE GOVERNOR'S ACTION TAKEN:

APR 04 1995

000001

SENATE VOTE 59 Y 0 N

DATE 3-2-95

ASSIMBLY VOTE 146 Y 0 N

DATE 3-13-95

HOME RULE MESSAGE _____ Y N

BILL IS DISAPPROVED

DATE April 4, 1995
Mark O'Leary
COUNSEL TO THE GOVERNOR

000002

1995

ASSEMBLY

The Assembly Bill
by Assem. GREENE
Entitled: "

Calendar No. 151

Assembly No. 2463
Sen. Rept. No. _____

2463 GREENE--

An act to amend the banking law, in relation to
banking records

"was read the third time

The President put the question whether the Senate would agree to the final passage of said bill, the same having been printed and upon the desks of the members in its final form at least three calendar legislative days, and it was decided in the affirmative, a majority of all the Senators elected voting in favor thereof and three-fifths being present, as follows:

AYE	Dist.		NAY	AYE	Dist.		NAY
	27	Ms. Abate			24	Mr. Marchi	
	19	Mr. Babbush	EXCUSED		20	Mr. Markowitz	
	43	Mr. Bruno			61	Mr. Maziarz	
	25	Mr. Connor			28	Mrs. Mendez	
	40	Mr. Cook			18	Ms. Montgomery	
	49	Mr. DeFrancisco			57	Mr. Nanula	
	23	Mr. DiCarlo			53	Mr. Nozzolio	
	54	Mr. Dollinger			14	Mr. Onorato	
	32	Mr. Espada			36	Mrs. Oppenheimer	
	44	Mr. Farley			11	Mr. Padavan	EXCUSED
	33	Mr. Galiber			29	Mr. Paterson	
	13	Mr. Gold			56	Mr. Present	
	31	Mr. González			60	Mrs. Rath	
	26	Mr. Goodman			41	Mr. Saland	
	6	Mr. Hannon			17	Ms. Santiago	
	42	Mr. Hoblock			47	Mr. Sears	
	48	Ms. Hoffmann			50	Mr. Seward	
	38	Mr. Holland			9	Mr. Skelos	
	4	Mr. Johnson			12	Miss Smith	
	55	Ms. Jones			22	Mr. Solomon	
	21	Mr. Kruger			35	Mr. Spano	
	52	Mr. Kuhl			58	Mr. Stachowski	
	2	Mr. Lack			45	Mr. Stafford	
	39	Mr. Larkin			16	Mr. Stavisky	
	1	Mr. LaValle			3	Mr. Trunzo	
	37	Mr. Leibell			7	Mr. Tully	
	30	Mr. Leichter			34	Mr. Velella	
	8	Mr. Levy			59	Mr. Volker	
	51	Mr. Libous			10	Mr. Waldon	
	15	Mr. Maltese			46	Mr. Wright	
	5	Mr. Marcellino					

AYES 59
NAYS 0

Ordered, that the Secretary return said bill to the Assembly with a message that the Senate has concurred in the passage of the same.

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A-2463

NEW YORK STATE ASSEMBLY
TWO HUNDRED EIGHTEENTH SESSION

REPRINT
DATE: 03/13/95

DATE: 03/13/1995
TIME: 02:51:33 PM

BILL: A2463

CAL. NO: 107 SPONSOR: GREENE

Relates to obligations of banks with respect to records

Y	Abbate PJ	Y	Glick DJ	EOR	Ortloff C
Y	Acampora PL	Y	Gottfried RN	Y	O'Shea CJ
Y	Alesi JS	Y	Grannis A	Y	Parment WL
Y	Anderson RR	Y	Green RL	Y	Perry NN
Y	Arroyo CE	Y	Greene A	Y	Pheffer AI
Y	Aubry JL	Y	Griffith E	Y	Pillittere JT
Y	Balboni MA	Y	Gromack AJ	Y	Polonetsky J
Y	Barbaro FJ	Y	Guerin JJ	Y	Pordum FJ
Y	Barraga TF	Y	Gunther JE	Y	Prentiss RG
Y	Becker GR	Y	Harenberg PE	Y	Prescott DW
Y	Bonacic JJ	Y	Healey PB	Y	Pretlow JG
Y	Boylard WF	Y	Herbst M	Y	Ramirez R
Y	Boyle PM	Y	Hikind D	Y	Rappleyea CD
Y	Bragman MJ	Y	Hill EH	Y	Ravitz J
Y	Brennan JF	Y	Hochberg AG	Y	Reynolds TM
Y	Brodsky RL	Y	Hoyt WB	Y	Rivera PM
Y	Brown HC	Y	Jacobs RS	Y	Robach JE
Y	Butler DJ	Y	John SV	Y	Sanders S
Y	Calhoun N	Y	Johnson J	Y	Scarborough W
Y	Canestrari RJ	Y	Katz M	Y	Schimminger RL
Y	Casale AJ	Y	Kaufman SB	Y	Seabrook L
Y	Casale PM	Y	Keane RJ	Y	Seminario AS
Y	Christensen JK	Y	King JP	Y	Sidikman DS
Y	Clark BM	Y	Kirwan TJ	Y	Spano MJ
Y	Colman S	Y	Klein J	Y	Stephens WH
Y	Connelly EA	Y	Lafayette IC	Y	Straniere RA
Y	Conte JD	Y	Lentol JR	Y	Stringer SM
Y	Cook VE	Y	Lopez VJ	Y	Sullivan EC
Y	Crowley J	Y	Luster MA	Y	Sullivan F
Y	D'Andrea RA	Y	Magee B	Y	Sweeney RK
Y	Davidson DR	Y	Mahoney BJ	Y	Tedisco J
Y	Davis G	Y	Manning PR	Y	Tocci RC
Y	Destito RM	Y	Matusow NC	Y	Tokasz P
Y	Diaz HL	Y	Mayersohn N	Y	Tonko PD
Y	DiNapoli TP	Y	Mazzarelli DJ	Y	Towns DC
Y	Dinga JJ	Y	McEneny JJ	Y	Townsend DR
Y	Dinowitz J	Y	McGee PK	Y	Vann A
Y	Doran CJ	Y	McLaughlin BM	Y	Vitaliano EN
Y	Dugan EC	Y	Meeks GW	Y	Warner RJ
Y	Englebright S	Y	Miller JM	Y	Weinstein HE
Y	Eve AO	Y	Morelle JD	Y	Weisenberg H
Y	Farrell HD	Y	Murtaugh JB	Y	Weprin M
Y	Faso JJ	Y	Muscarella VT	Y	Wertz RC
Y	Feldman D	Y	Nesbitt CH	Y	Winnner GH
Y	Ferrara D	Y	Nolan CT	Y	Wirth SL
Y	Fessenden DJ	Y	Norman C	Y	Wright KL
Y	Flanagan JJ	Y	Nortz HR	Y	Mr. Speaker
Y	Galef SR	Y	Oaks RC		
Y	Gantt DF	Y	O'Neil CA		
Y	Genovesi AJ	Y	Ortiz FW		

YEAS: 146

NAYS: 0

CONTROL: 25901526

CERTIFICATION: /S/ FRANCINE M. MISASI
CLERK OF THE ASSEMBLY

LEGEND: Y=YES, NAY=NO, NV=ABSTAIN, ABS=ABSENT,
ELB=EXCUSED FOR LEGISLATIVE BUSINESS, EOR=EXCUSED FOR OTHER REASONS.

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STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

APR 04 1995

TO THE Senate:

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

Assembly Bill Number 2463, entitled:

V E T O # **3** "AN ACT to amend the banking law, in relation to banking records"

N O T A P P R O V E D

I am vetoing this bill. The State fiscal year begins April 1 -- on February 1st I submitted the Executive Budget bills. By March 31st the State Senate had passed a budget, including the five major budget bills. To date, the Assembly Majority has failed to pass a 1995-96 fiscal year budget. They have even refused to propose a budget. This is unacceptable. This is game playing. We cannot have business as usual in this State.

I will continue to veto all legislation that does not require immediate action until such time as a budget is adopted.

The bill is disapproved.

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MEMORANDUM OF SUPPORT

S. 1632 by Senator Hugh T. Farley

A. _____ by Assemblywoman Greene

TITLE: AN ACT to amend the Banking Law, in relation to banking records

PURPOSE: To clarify that licensed lenders and mortgage banking organizations may use optical disk storage systems to preserve records as required by law; and to enable licensed lenders to return a copy of an obligation, instead of the original document, upon repayment of a loan.

SUMMARY: Amends Sections 349 and 597 of the Banking Law to clarify that a licensed lender or various mortgage entities may preserve records through the use of an optical disk storage system.

Amends Section 352 of the Banking Law to enable licensed lenders to return a copy of an obligation, instead of the original document, upon the repayment of the loan in full.

JUSTIFICATION: The Banking Law requires licensed lenders, mortgage bankers, mortgage brokers and mortgage-related exempt organizations to preserve books, accounts and records which will enable the Superintendent of Banks to determine whether the entity is in compliance with applicable laws and regulations. Pursuant to Sections 349 and 597 of the Banking Law, these records may be preserved through photographic reproduction and the use of electronic data processing equipment, provided that any records preserved by these methods are comparable to the original and that such records are available for examination upon request of the Department.

This bill clarifies and ensures that optical disk storage systems are considered a form of photographic reproduction. This will enable optical disk technology to be used by licensed lenders, mortgage bankers, mortgage brokers and exempt organizations to preserve records. Optical disk systems are currently being utilized by many business and government entities. These systems have proven to be efficient and cost-effective ways of preserving and managing records. They can reduce the need for costly storage space, improve the ability to quickly locate and retrieve documents, and assist in quickly and accurately routing documents.

This bill would also provide that, upon the repayment of a loan, a licensed lender shall return to the borrower either the original obligation document, or a copy of it, marked "paid" or "cancelled." Currently, a licensed lender must return the original document. This existing requirement dates back to at least 1914, and has become burdensome, inconvenient and costly. Many licensed lenders have national operations and maintain and store their records in centralized facilities. Because other states do not require the return of original documents, licensed lenders must treat New York records in a distinct manner.

In addition, this requirement applies only to licensed lenders. Other types of lenders are generally not required to provide notice when a loan is repaid. Where another

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type of lender is subject to a similar requirement, as with a retail installment sales contract, this type of lender only needs to provide notice in response to a written demand from a customer, and the lender only needs to provide "good and sufficient instruments" as are necessary to acknowledge payment -- the retail installment sales lender is not required to return the original document.

This bill would provide licensed lenders with an alternative to the current inefficient administrative burden that applies solely to their industry. At the same time, the bill will continue to ensure that borrowers are notified when they repay their loans. A licensed lender could utilize an optical disk system to quickly and easily obtain a copy of the obligation, which could then be marked "paid" and returned to the borrower. By allowing a more efficient and cost-effective loan and record keeping process, this bill will benefit both borrowers and lenders.

FISCAL IMPACT: None to the State

EFFECTIVE DATE: On the thirtieth day after it shall have become a law

gaf

A-2463

HUGH T. FARLEY
44TH DISTRICT
CHAIRMAN
COMMITTEE ON BANKS
CHAIRMAN
SELECT COMMITTEE ON
INTERSTATE COOPERATION
CHAIRMAN
SUBCOMMITTEE ON LIBRARIES



THE SENATE
STATE OF NEW YORK

ROOM 412
LEGISLATIVE OFFICE BUILDING
ALBANY, NEW YORK 12247
518-455-2181
COMMITTEE ASSIGNMENTS:
AGING - BANKS
CIVIL SERVICE AND PENSIONS
ENVIRONMENTAL CONSERVATION
ETHICS - HEALTH - HOUSING
JUDICIARY - LABOR

March 28, 1995

The Honorable Michael C. Finnegan
Executive Chamber
State Capitol
Legislative Off. Room 225
Albany, New York 12224

Dear Mr. Finnegan:

Thank you for the opportunity to comment on my bill, A.2463 (S.1632), which is before the Governor for his consideration. This bill was originally introduced in 1994, and was passed by the Senate in that year.

This bill contains two proposals. First, it clarifies that licensed lenders, mortgage bankers, mortgage brokers and mortgage-related exempt organizations may use an optical disk storage system to preserve the books, accounts and records that they are required to maintain for the Banking Department. Second, the bill allows licensed lenders to return a copy of the loan obligation, instead of the original document, upon the repayment of a loan. The copy would have to be marked to indicate that the loan was "paid" or "cancelled."

Licensed lenders, mortgage bankers, mortgage brokers and mortgage-related exempt organizations are required to preserve books, accounts and records which will enable the Superintendent of Banks to determine whether these entities are in compliance with applicable laws and regulations. The Banking Law currently allows these records to be preserved through photographic reproduction and the use of electronic data processing equipment. This bill clarifies and ensures that optical disk storage systems are considered a form of photographic reproduction. An optical disk system would have to meet the current requirement to provide records which are comparable to the original and to ensure that such records are available for examination upon request of the Department.

An optical disk system offers an efficient and cost-effective way to preserve and utilize records. It can reduce the need for costly storage space, improve the ability to quickly locate and retrieve documents and improve the management of records. This technology is particularly efficient and useful for those licensed lenders and mortgage companies which have national operations and which maintain their records in centralized locations.

Optical disk systems are increasingly being used by many businesses and governmental entities. For example, New York law specifically provides that the Labor Department and the Workers Compensation Board may use optical disk technology for their records. The Department of Motor Vehicles recently completed a pilot project to use optical imaging for motor vehicle certificates of title. Many banks now use



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Page 2
March 28, 1995

imaging technology for several functions, including check processing. This bill will help clarify and ensure that licensed lenders and regulated mortgage entities may use this modern and efficient record keeping technology.

The current requirement for licensed lenders to return the original loan document upon repayment is burdensome, inconvenient and costly. It should also be noted that the return of the obligation document has no special meaning or significance, and has no legal impact on whether or not a debt is discharged. This bill would allow licensed lenders to return a copy of the obligation marked paid or cancelled. This would reduce the administrative burden and costs for licensed lenders while continuing to ensure that customers receive notice when a loan has been paid.

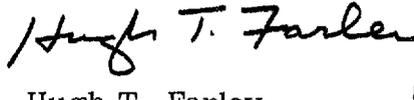
The requirement for licensed lenders to return the original document is based on an old law which dates back to at least 1914. This law subjects licensed lenders to a requirement which does not apply to other types of lenders. For example, banks are under no obligation to provide notice that a loan has been paid. For retail installment sales contracts and motor vehicle installment sales contracts, the lender only needs to provide notice upon written demand from the customer; furthermore, the lender only needs to provide "good and sufficient instruments" as are necessary to acknowledge payment -- there is no requirement to return the original document.

As mentioned earlier, many licensed lenders have national operations and maintain their records in centralized locations. The current process for storing and then returning the original loan document is cumbersome and inefficient. The ability to return a copy could be much less burdensome, particularly if a licensed lender uses an efficient record keeping system such as an optical disk imaging system.

I urge the Governor to sign this bill into law.

Best regards.

Cordially,



Hugh T. Farley
Senator

HTF:PPE
Encl. -- Memo of Support

000009

HUGH T. FARLEY
44TH DISTRICT

CHAIRMAN
COMMITTEE ON BANKS

CHAIRMAN
SELECT COMMITTEE ON
INTERSTATE COOPERATION

CHAIRMAN
SUBCOMMITTEE ON LIBRARIES



THE SENATE
STATE OF NEW YORK

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COMMITTEE ASSIGNMENTS:
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CIVIL SERVICE AND PENSIONS
ENVIRONMENTAL CONSERVATION
ETHICS - HEALTH - HOUSING
JUDICIARY - LABOR

March 28, 1995

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Albany, New York 12224

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Page 2
March 28, 1995

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As mentioned earlier, many licensed lenders have national operations and maintain their records in centralized locations. The current process for storing and then returning the original loan document is cumbersome and inefficient. The ability to return a copy could be much less burdensome, particularly if a licensed lender uses an efficient record keeping system such as an optical disk imaging system.

I urge the Governor to sign this bill into law.

Best regards.

Cordially,

Hugh T. Farley
Senator

HTF:PPE
Encl. -- Memo of Support

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0074



THE ASSEMBLY RECEIVED
STATE OF NEW YORK MAR 24 1995
ALBANY

AURELIA GREENE
Assemblywoman 77th District
1188 Grand Concourse - Suite D
Bronx, New York 10456
(212) 538-2000
Room 424
Legislative Office Building
Albany, New York 12248
(518) 455-5671

CHAIRWOMAN
Standing Committee on Banks
CHAIRWOMAN
Subcommittee on
Adult Education
COMMITTEES
Cities
Education
Rules
Social Services
SUB COMMITTEE
Public School Violence

March 24, 1995

Honorable Michael C. Finnegan
Executive Chamber
State Capitol
Albany, New York 12224

Re: A2463/Greene
An Act to amend the banking
law, in relation to banking
records.

Dear Mr. Finnegan:

As you know, the above referenced bill passed both houses of the legislature and has been delivered to the Governor for Executive action.

The passage of this bill amends sections 349 and 597 of the Banking Law to clarify that preservation of records in photographic form includes using an optical disk storage system.

The proposed legislation simply clarifies existing law and includes optical disk program systems as a form of photographic reproduction. The legislation also allows copies of loan obligation documents to be sent to the borrower instead of requiring that the original form to be returned.

As the law currently stands, optical disk storage is not recognized as a proper form of storage, yet it is the most efficient system available.

The state and federal laws seek to preserve bank records in a safe and reliable manner. This legislation adds another acceptable format for storing and preserving records through the use of optical disk storage.

In other states there is no requirement that the original letter of obligation be returned to the customer and therefore lenders must treat New York in a distinct manner. Upon the implementation

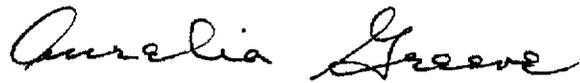
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Page Two

of this legislation New York would align itself with other states in allowing copies to be returned to the customer of the loan obligation instead of the original.

I support the enactment of this bill and urge you to recommend that the Governor sign it into law.

Sincerely,

A handwritten signature in cursive script that reads "Aurelia Greene". The signature is written in dark ink and is positioned below the word "Sincerely,".

Aurelia Greene
Member of the Assembly

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B-203

BUDGET REPORT ON BILLS

Session Year 1995

SENATE

NO RECOMMENDATION

ASSEMBLY

No.

No. 2463

Law: Banking Law

Title: AN ACT to amend the banking law, in relation to banking records

The above bill has been referred to the Division of the Budget for comment. After careful review, we find that the bill has no appreciable effect on State finances or programs, and this office does not have the technical responsibility to make a recommendation on the bill.

We therefore make no recommendation.

DA

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STATE OF NEW YORK
BANKING DEPARTMENT
TWO RECTOR STREET
NEW YORK, N.Y. 10006

March 23, 1995

MEMORANDUM ON
BILL BEFORE THE
GOVERNOR FOR
EXECUTIVE ACTION

<u>Senate</u>	<u>Assembly</u>	<u>Introduced by:</u>
	A.2463	M. of A. Greene
<u>Recommendation:</u>	Approval	
<u>Statute affected:</u>	Banking Law Sections 349, 352 and 597	
<u>Effective Date:</u>	30 days after being enacted into law	

Summary of Provisions:

Sections one and three of this bill authorize licensed lenders and mortgage bankers, mortgage brokers and exempt organizations¹ to maintain records on optical imaging disks.

Section two of this bill authorizes licensed lenders to mark as paid a copy of every obligation signed by a borrower and to return to such customer a copy of the original note or assignment.

¹ The term "exempt organization" is defined in Banking Law Section 590 to mean any insurance company, banking organization, foreign banking corporation licensed by the Superintendent or the Comptroller of the Currency to transact business in this state, national bank, federal savings bank, federal savings and loan association, federal credit union, or any bank, trust company, savings bank, savings and loan association, or credit union organized under the laws of any other state, or any instrumentality created by the United States or any state with the power to make mortgage loans. Pursuant to 3 New York Code of Rules and Regulations Part 39 the term "exempt organization" also includes consolidated subsidiaries of the entities listed in Section 590.

Comment:

The Banking Department can effectively fulfill its examination function by utilizing optical imaging disks. In addition, the preservation of records by optical imaging disks will alleviate the burden on lenders of maintaining hard copies.

The authorization in section two for licensed lenders to mark as paid copies of obligations rather than the original obligations and to provide borrowers with copies of original notes and assignments is consistent with the use of optical imaging disks. The bill contemplates the destruction of original documents and the preservation thereof by disk. Thus, lenders will not have original documents but rely instead on copies of the governing documents generated from use of optical imaging disks authorized in section one of this bill.

V-3

LEGISLATIVE MEMO



152 Washington Ave., Albany, N.Y. 12210 Tel. (518)465-7511 Fax (518)465-4389

DANIEL B. WALSH *President*

RECEIVED AFTER ACTION BY GOVERNOR

Bill: S.1632 (Farley)/A.2463 (Greene)
Subject: Lenders Technical Changes
Status: Senate Floor/Assembly Floor
Business Council Position: SUPPORT

Staff contact:
Chris Pugliese

3/15/95

The Business Council of New York State, Inc. would like to express its strong support for the above-mentioned legislation. This bill would allow licensed lenders in New York State to use optical disk imaging to preserve customer records. Additionally, this legislation would allow lenders to return a copy of the signed obligation to a borrower upon full payment of the loan.

Under current law, lenders can preserve records on microfilm, microfiche, or photographic reproduction. By allowing optical imaging, the lender will have a method that provides a more accurate reproduction. It also enables the lender to make use of current technology.

The second provision of this proposal will allow lenders to send a copy of the original obligation to the borrower upon repayment of the loan. Current law requires the return of the original document. We feel this an antiquated and burdensome requirement that increases costs to lenders.

The Business Council believes these technical changes to current law will better enable lenders to make use of technology and enable them to operate more efficiently while reducing costs.

For the above stated reasons, The Business Council strongly supports S.1632 and asks that it be enacted into law.

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LEGISLATIVE MEMO



152 Washington Ave., Albany, N.Y. 12210 Tel. (518)465-7311 Fax (518)465-4399

DANIEL B. WALSH *President*

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A-2463

V-3

NEW YORK STATE

Consumer Finance Association

90 S. SWAN STREET
ALBANY, NEW YORK 12210

(518) 449-7514
(518) 426-0566 (FAX)

The Honorable Michael C. Finnegan
Executive Chamber
State Capitol
Albany, NY 12224

March 23, 1995

MEMORANDUM IN SUPPORT A.2463/S.1632

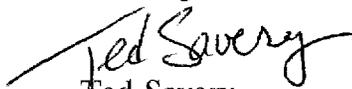
The New York State Consumer Finance Association strongly supports the above mentioned bill, which recently passed both houses of the legislature and is currently awaiting the Governor's signature.

The bill would allow licensed lenders to preserve their records by a process called optical disc imaging, which is merely an extension of photographic reproduction on microfilm and microfiche. Optical disc imaging provides a more durable and accurate reproduction. The bill would also allow licensed lenders to use the optical disc imaging process to return copies of a signed obligation when loans are paid in full.

Most of the members of our Association are national chains operating in nearly every state in the country, therefore, it is becoming increasingly more cost effective to centralize the storage of such records. Optical disc imaging substantially enhances that process.

Thank you for your anticipated support of this legislation.

Best regards,



Ted Savery
Chairman, Executive Committee

TS/kkn

cc: Senate Banks Committee

000019

NEW YORK STATE

Consumer Finance Association

90 S. SWAN STREET
ALBANY, NEW YORK 12210

(518) 449-7514
(518) 426-0566 (FAX)

The Honorable Michael C. Finnegan
Executive Chamber
State Capitol
Albany, NY 12224

March 23, 1995

MEMORANDUM IN SUPPORT A.2463/S.1632

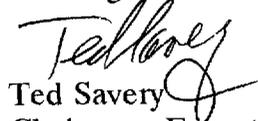
The New York State Consumer Finance Association strongly supports the above mentioned bill, which recently passed both houses of the legislature and is currently awaiting the Governor's signature.

The bill would allow licensed lenders to preserve their records by a process called optical disc imaging, which is merely an extension of photographic reproduction on microfilm and microfiche. Optical disc imaging provides a more durable and accurate reproduction. The bill would also allow licensed lenders to use the optical disc imaging process to return copies of a signed obligation when loans are paid in full.

Most of the members of our Association are national chains operating in nearly every state in the country, therefore, it is becoming increasingly more cost effective to centralize the storage of such records. Optical disc imaging substantially enhances that process.

Thank you for your anticipated support of this legislation.

Best regards,



Ted Savery
Chairman, Executive Committee

TS/kkn

cc: Senate Banks Committee

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MAR 27 1995

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March 24, 1995

Michael C. Finnegan, Esq.
Counsel to the Governor
Executive Chamber
The Capitol
Albany, New York

Re: S.1632 (Farley)/A.2463 (Greene)

Dear Mr. Finnegan:

We are counsel to the New York State Consumer Finance Association and write in support of the above measure. This bill would allow licensed lenders in New York State to use optical disk imaging to preserve customer records and allow lenders to return a copy of the signed obligation to a borrower upon full payment of the loan.

If signed into law, this legislation will allow the lender to make use of current technology to obtain a method of storage that provides a more accurate and less costly reproduction.

Current law requires the return of the original document on repayment. This is burdensome requirement that increases costs to lenders, with no benefit to the borrowers. The bill would modify this antiquated requirement by making a marked copy sufficient evidence of payment.

The simple change this legislation makes in current law thus reduces cost to lenders, makes storage more reliable and efficient, and has no adverse consequences to the borrower. It is thus a sensible, positive step toward making New York State's climate for the small loan business significantly more attractive.

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Michael C. Finnegan
March 24, 1995
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We urge favorable consideration.

Respectfully yours,

RICE & JUSTICE



John Carter Rice

JCR:lmz

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HOUSEHOLD INTERNATIONAL

Patrick A. Zlogar
Regional Director
Government Relations

March 23, 1995

The Honorable Michael C. Finnegan
Counsel to the Governor
Executive Chamber
State Capitol
Albany, NY 12224

Dear Mike:

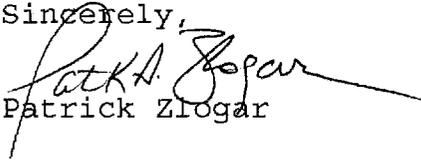
I am writing to request your favorable review of S 1632/A 2463 which has recently passed both houses of the legislature.

This bill, sponsored by Senator Farley and Assemblywoman Greene, permits licensed lenders in New York state to use optical disk imaging to preserve customer records. Currently, licensed lenders are permitted to preserve records via photographic reproduction, microfilm and microfiche. Optical imaging is simply an extension of these technologies and provides a more durable, accurate reproduction.

Further, S 1632/A 2463 would allow licensed lenders to return a copy of the signed obligation to a borrower upon full repayment of the loan. The current requirement, which requires lenders to return the original document, is burdensome and costly, since most licensed lenders maintain their records at a centralized facility. In addition, this requirement is unique to licensed lenders as other types of lending institutions are not required to return an obligation upon repayment.

Enclosed for your information is a copy of the bill and corresponding sponsor's memo along with a support memorandum from the New York State Business Council. Additionally, there is a support memorandum from the Attorney General on file. Thank you for your consideration of this legislation. Should you have any questions please do not hesitate to contact me.

Sincerely,


Patrick Zlogar

cc Ms. Judith A. Hard
Mr. Peter Edman
Ms. Sarah Curry-Cobb

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