

S 1163 KRUEGER Same as [A 174](#) Carroll R
ON FILE: 01/08/25 Real Property Law
TITLE....Prohibits rent minimums in mortgages
01/08/25 REFERRED TO JUDICIARY
06/12/25 COMMITTEE DISCHARGED AND
COMMITTED TO RULES
06/12/25 ORDERED TO THIRD READING CAL.1960
06/13/25 SUBSTITUTED BY A174
A00174 Carroll R
01/08/25 referred to judiciary
05/13/25 reported referred to codes
05/20/25 reported referred to rules
05/21/25 reported
05/21/25 rules report cal.194
05/21/25 ordered to third reading rules cal.194
06/11/25 passed assembly
06/11/25 delivered to senate
06/11/25 REFERRED TO RULES
06/13/25 SUBSTITUTED FOR S1163
06/13/25 3RD READING CAL.1960
06/13/25 PASSED SENATE
06/13/25 RETURNED TO ASSEMBLY

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STATE OF NEW YORK

1163

2025-2026 Regular Sessions

IN SENATE

January 8, 2025

Introduced by Sen. KRUEGER -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the real property law, in relation to prohibiting rent minimums in mortgages

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The real property law is amended by adding a new section
2 284 to read as follows:

3 § 284. Rent minimums prohibited. No mortgagor on a loan secured prima-
4 rily by an interest in real property shall be charged a fee, forced to
5 default, or otherwise penalized by the mortgagee because the mortgagor
6 did not set a high enough rent on all or part of such real property.
7 All terms of a mortgage which would cause a mortgagor to be penalized
8 for not setting a high enough rent shall be void and unenforceable as
9 against public policy.

10 § 2. This act shall take effect immediately and shall apply to all
11 mortgages regardless of when issued, renewed, modified, altered or
12 amended.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

LBD00490-01-5

**NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1**

BILL NUMBER: S1163

SPONSOR: KRUEGER

TITLE OF BILL:

An act to amend the real property law, in relation to prohibiting rent minimums in mortgages

PURPOSE OR GENERAL IDEA OF BILL:

This bill would prohibit mortgagees from penalizing or defaulting on mortgagors for not charging a high enough rent. Eliminating the minimum rent requirement for mortgagors will incentivize landlords to rent properties at a lower rate and not risk defaulting.

SUMMARY OF PROVISIONS:

Section 1 adds Section 284 to the real property law to prohibit rent minimums in mortgages so that no mortgagee can charge a fee or force any mortgagor to default or be otherwise penalized because they did not set a high enough rent.

Section 2 sets the effective date and shall apply to all mortgages regardless of when issued, renewed, modified, altered or amended.

JUSTIFICATION:

The economics for small businesses in New York were only made more difficult by COVID-19 and vacant storefronts are widespread. For New York's small businesses to recover, it is critical for commercial rents to be cut. This bill would allow for landlords to rent space for less than the minimum stipulated in their mortgage and would render any terms in the mortgage which would cause a mortgagor to be penalized for not setting a high enough rent to be void and unenforceable as against public policy. This legislation, if enacted would incentive landlords to fill storefronts without fear of default.

PRIOR LEGISLATIVE HISTORY:

2023-24: S.9234/A.974

2021-22: A.850

FISCAL IMPLICATIONS FOR STATE AND LOCAL GOVERNMENTS:

TBD

EFFECTIVE DATE:

This act shall take effect immediately and shall apply to all mortgages regardless of when issued, renewed, modified; altered or amended.

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AN ACT to amend the real property law, in relation to prohibiting rent minimums in mortgages

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The real property law is amended by adding a new section 284 to read as follows:

§ 284. Rent minimums prohibited. No mortgagor on a loan secured primarily by an interest in real property shall be charged a fee, forced to default, or otherwise penalized by the mortgagee because the mortgagor did not set a high enough rent on all or part of such real property. All terms of a mortgage which would cause a mortgagor to be penalized for not setting a high enough rent shall be void and unenforceable as against public policy.

§ 2. This act shall take effect immediately and shall apply to all mortgages regardless of when issued, renewed, modified, altered or amended.