

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 18, 1978.

The committee on Banks and Banking, to whom were referred so much of the message from His Excellency the Governor recommending legislation relative to preventing geographic discrimination in residential mortgage lending and relative to the licensing of mortgage lenders (House, No. 3234) as relates to preventing geographic discrimination in residential lending (App. A); the petition (accompanied by bill, Senate, No. 4) of Arthur Joseph Lewis, Jr., for legislation to further regulate the deposit of public funds in banks; the petition (accompanied by bill, Senate, No. 7) of Arthur Joseph Lewis, Jr., for legislation to prevent unfair discrimination in the appraisal of property for residential mortgage loan purposes; the petition (accompanied by bill, Senate, No. 8) of Arthur Joseph Lewis, Jr., for legislation to prevent the practice of discriminatory redlining against geographic areas in the granting of mortgage loans; the petition (accompanied by bill, Senate, No. 25) of Alan D. Sisitsky and Joseph F. Timilty for legislation to prohibit geographic discrimination in the granting of and regulating the disclosure of data regarding residential mortgages; the petition (accompanied by bill, House, No. 348) of Angelo M. Scaccia for legislation to prevent the practice of discriminatory redlining, so-called, in the granting of mortgage loans; the petition (accompanied by bill, House, No. 742) of Antone S. Aguiar, Jr., for legislation to prohibit the arbitrary denial of residential mortgage loans on the basis of the location of the property to be mortgaged and to encourage the establishment of review boards; the petition (accompanied by bill, House, No. 1138) of Robert Q. Crane (Treasurer and Receiver-General), Royal L. Bolling, Jr., other members of the House and another for legislation to prevent the practice of discriminatory mortgage lending in urban neighborhoods throughout the Commonwealth; the petition (accompanied by bill, House, No. 1707) of W. Paul White for legislation to require certain financial institutions to include information relative to the geographic distribution of deposits and investments and certain other data in annual reports; the petition (accompanied by bill, House, No. 1952) of Richard F. Finnigan and Daniel F. Pokaski for legislation to establish certain qualifications in order to be considered as a depository

of public funds; the petition (accompanied by bill, House, No. 2705) of Richard L. Walsh and other members of the House for legislation to prevent unfair discrimination in the appraisal of property for residential mortgage loan purposes; the petition (accompanied by bill, House, No. 2706) of Richard L. Walsh and other members of the House for legislation to prohibit the denial of residential mortgage loans on the basis of the location of the property to be mortgaged; the petition (accompanied by bill, House, No. 2707) of Richard L. Walsh and other members of the House for legislation to regulate the deposit of public funds in banks or trust companies; the petition (accompanied by bill, House, No. 3817) of Richard P. Roche to prevent the practice of discriminatory "redlining" against geographic areas in the granting of mortgage loans; the petition (accompanied by bill, House, No. 4345) of Michael J. DeVito for legislation to prohibit discrimination in the granting of mortgages based solely upon the location of the premises to be mortgaged; and the petition (accompanied by bill, House, No. 4981) of Thomas W. McGee for legislation to prohibit practice of discriminatory mortgage lending in urban neighborhoods, reports recommending that the accompanying bill (House, No. 5737) ought to pass.

For the committee,

ANTONE S. AGUIAR, Jr.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Eight.

AN ACT TO PROHIBIT THE ARBITRARY DENIAL OF RESIDENTIAL MORTGAGE LOANS ON THE BASIS OF THE LOCATION OF THE PROPERTY TO BE MORTGAGED AND TO ENCOURAGE THE ESTABLISHMENT OF REVIEW BOARDS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The purposes of this Act are to prohibit the
2 arbitrary denial of residential mortgage loans on the basis of the
3 location of the property to be mortgaged; to encourage an increase
4 in the availability of mortgage capital to neighborhoods to which
5 such investment capital may have been denied; to encourage the
6 establishment of an informal dispute mechanism to review
7 residential mortgage denials and to provide for civil action by an
8 individual who is damaged by a violation of this Act.

1 SECTION 2. Chapter 167 of the General Laws is hereby
2 amended by adding the following section: —

3 *Section 69.* Cities and towns shall encourage the formation of a
4 dispute mechanism, hereinafter called a Mortgage Review Board,
5 to review denied residential mortgage loans of participating
6 mortgagees.

7 Such board shall be voluntary and consist of an equal number of
8 mortgages and community representatives.

9 The Mortgage Review Board shall meet at least twice each
10 month to review each residential mortgage denial that an applicant
11 believes was denied on the basis of the location of the property.
12 Any applicant whose residential mortgage loan is denied by a
13 participating mortgagee shall be instructed, in writing, by said
14 mortgagee of his right to appeal the denial to the Mortgage Review
15 Board.

16 Said board shall review such submitted mortgage applications,
17 make recommendations and advise the applicants, in writing,
18 within ninety days of such appeal — provided however, that in
19 order to be applicable to section 63 of chapter 183 of the General

72 property is located and said mortgagee is a participating
73 mortgagee a person must exhaust all his administrative remedies
74 through the board before bringing action before the court; and
75 provided further that said action shall be filed within one year of
76 the alleged violation.

77 Upon a finding that a mortgagee has committed a violation of
78 thei section, the court may award actual damages or punitive
79 damages in the amount of twenty-five hundred dollars, whichever
80 is greater, and may in its discretion award court costs and
81 attorney's fees.

82 If the court finds as a fact that any person claiming to have been
83 aggrieved by this section has intentionally misrepresented a
84 material fact in the mortgage application or if the court finds as a
85 fact that the suit is frivolous the court may award actual damages
86 or punitive damages in the amount of twenty-five hundred dollars,
87 whichever is greater, to the mortgagee, and may in its discretion
88 award court costs and attorney's fees.

1 SECTION 4. No rules, regulations or other orders shall be
2 promulgated under the provisions of this act except those
3 regulations which the commissioner of banks is hereby authorized
4 to promulgate relating to approval of the Mortgage Review
5 Boards referred to in Section 2 of the act.

