

# HOUSE . . . . . No. 5835

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## The Commonwealth of Massachusetts

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House of Representatives, June 16, 1970.

The committee on Banks and Banking, to whom was recommitted the petition (accompanied by bill, House, No. 5476) of Paul Murphy and Joseph B. Walsh for legislation to amend the residential real estate mortgage laws, report the accompanying bill (House, No. 5835).

For the committee,

WILLIAM A. CONNELL, JR.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy.

### AN ACT REQUIRING CERTAIN DISCLOSURES IN RESIDENTIAL REAL ESTATE TRANSACTIONS.

*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. Chapter 184 of the General Laws is hereby  
2 amended by striking out section 17B as most recently amended  
3 by chapter 313 of the acts of 1970, and inserting in place thereof  
4 the following section:

5 *Section 17B.* Every application for a mortgage loan on real  
6 estate consisting of a dwelling house with accommodations for  
7 four or less separate householders and occupied or to be occupied  
8 in whole or in part by the obligor on the mortgage debt shall be  
9 made on a printed form which shall contain the following two  
10 statements in type of at least two points larger than the other  
11 type used on said application:

12 (1) The responsibility of the attorney for the mortgagee is to  
13 protect the interest of the mortgagee, notwithstanding the fact  
14 that (a) the mortgagor shall be obligated to pay the legal fees of  
15 said attorney, and (b) the mortgagor is billed for such legal  
16 services by the mortgagee.

17 (2) The mortgagor may, at his own expense, engage an  
18 attorney of his own selection to represent his own interests in the  
19 transaction.

20 In addition to the foregoing, every application and copy  
21 thereof shall, if applicable, in type of at least the same size as the  
22 required statements, disclose information relative to the follow-  
23 ing:

24 (i) That the annual percentage rate is prospectively subject to  
25 change; (ii) the conditions under which such rate may be  
26 changed; and (iii) if applicable, the maximum and minimum

27 limits of such rate stipulated in the note, contract, or other  
28 instrument evidencing the obligation.

29 A printed copy of the above statements and information shall  
30 be given to the mortgagor at the time of making the application.

31 The mortgagee in each such mortgage transaction shall bill each  
32 mortgagor for the legal services of the attorney for the mortgagee.

1 SECTION 2. Section 7 of chapter 140C of the General Laws,  
2 as added by chapter 517 of the acts of 1969, is hereby amended  
3 by inserting in subsection (d) after clause (3) the following new  
4 clause: —

5 (4) That the annual percentage rate is prospectively subject to  
6 change, the conditions under which such rate may be changed,  
7 and, if applicable, the maximum and minimum limits of such rate  
8 stipulated in the note, contract, or other instrument evidencing  
9 the obligation.

