

HOUSE No. 4821

By Mr. Feeney of Boston, petition of Benjamin Tessler for legislation to prohibit prepayment penalty clauses in mortgage notes secured by first liens. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT PROHIBITING PREPAYMENT PENALTY CLAUSES IN MORTGAGE NOTES SECURED BY FIRST LIENS.

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 183 of the General Laws is hereby
2 amended by striking out section 56, as most recently amended
3 by chapter 210 of the acts of 1967, and inserting in place thereof
4 the following section: —

5 *Section 56.* No mortgage note secured by a first lien on a
6 dwelling house or any other building shall be subject to payment
7 by the mortgagor of any penalty, charge, premium, or fee on
8 account of payment of the note before the date fixed for
9 payment; provided, however, that, with respect to any such
10 mortgage loan insured by the Federal Housing Commissioner, the
11 mortgagor may be required to reimburse the mortgagee to the
12 full amount of any charges, premiums, or fees required by any
13 statute or by any regulations of the Federal Housing Administra-
14 tion to be paid by the mortgagee upon payment of such note
15 before the date fixed for payment.

1 SECTION 2. Section fifty-seven of chapter one hundred and
2 eighty-three of the General Laws is hereby repealed.

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The Committee on Finance

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