

By Mr. Doris, a petition (accompanied by bill, Senate, No. 27) of Francis D. Doris for legislation to regulate the charging of points in certain mortgage transactions. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT REGULATING THE CHARGING OF POINTS IN CERTAIN MORTGAGE 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. The purpose of this Act, is in part, to exempt as
2 provided in paragraph 2 of section 501 of Public Law 96-221, the
3 Commonwealth from those provisions of section 501 (a) (1) of said
4 law which pre-empt any law limiting the amount of discount
5 points or such other charges on any loan, mortgage, credit sale or
6 advance secured by a first lien on residential property.

1 SECTION 2. Chapter 183 of the General Laws is hereby
2 amended by adding the following section:

3 Section 63. A mortgagor doing business in the Commonwealth
4 shall not charge a loan fee, points, finder's fee, or similar fees in a
5 mortgage transaction involving a residential property of four or
6 less units and occupied, or to be occupied in whole or in part by the
7 mortgagor, except, as will be determined by the Commissioner, to
8 the extent such fees or points constitute reimbursement for reason-
9 able originating or underwriting expenses incurred by the mort-
10 gagee and reimbursement for any commitment or other fees paid
11 or to be paid by the mortgagee for the intended purposes of selling
12 mortgage loans in the secondary mortgage market; provided, how-
13 ever, that this section shall not apply to loans guaranteed in whole
14 or in part by the Veterans Administration, loans insured by the
15 Federal Housing Administration, or, as will be determined by the
16 Commissioner, other loans subject to governmentally imposed
17 interest rate ceilings.

