

By Mr. Brewer of Barre, petition of Stephen M. Brewer relative to the establishment of mortgage services and escrow accounts in banking institutions. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Two.

AN ACT RELATIVE TO MORTGAGE SERVICES AND ESCROW ACCOUNTS.

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

1 Chapter 183 of the General Laws is hereby amended by inserting
2 after section 62 the following two sections: —

3 Section 62A. Any mortgagee who requires the prepayment of
4 insurance or any other item, other than taxes, shall establish an
5 escrow account for such prepaid funds. The mortgagee shall
6 inform the mortgagor of the location and account number of the
7 escrow account. The mortgagee shall pay the full amount of such
8 insurance or other item on or before the date upon which it is
9 due, provided that the mortgagor has paid said amount to the
10 mortgagee. If the mortgagor has not paid the full amount of taxes
11 due before said date, the mortgagee shall pay all amounts which
12 have been paid to him by the mortgagor.

13 Section 62B. Any mortgagee who sells or assigns a mortgage
14 shall retain the responsibility for servicing said mortgage. For the
15 purposes of this section, "servicing a mortgage" shall mean the
16 collection of payment of principal and interest, including escrow
17 payments, the payment of taxes, betterments, insurance, and any
18 other payment through an escrow account, the establishment and
19 maintenance of escrow accounts, and the provision to mortgagors
20 of information concerning the current payment status of
21 mortgages, including, but not limited to, the provisions of pay off
22 figures.

