

HOUSE No. 688

By Mr. Lapointe of Chicopee, petition of Francis C. Lapointe that mortgagees be prohibited from requiring mortgagors to pay the fees of the attorney for the mortgagee in a mortgage transaction and further regulating the information to be given a person making an application for a mortgage. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT PROHIBITING A MORTGAGEE FROM REQUIRING A MORTGAGOR TO PAY THE FEES OF THE ATTORNEY FOR THE MORTGAGEE IN A MORTGAGE TRANSACTION, AND FURTHER REGULATING THE INFORMATION TO BE GIVEN A PERSON MAKING AN APPLICATION FOR A MORTGAGE.

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 93 of the General Laws is hereby
2 amended by inserting after section 49 the following section:—

3 *Section 50.* No person shall, as a condition to the granting
4 of any loan or credit to be secured by a mortgage of real
5 estate, require the mortgagor to pay or to be responsible for
6 the fee or expense charged or incurred by any attorney acting
7 for or on behalf of said person in said transaction, except in
8 the case where said attorney agrees to and does certify title
9 to said real estate to said mortgagor for an additional fee not
10 to exceed ten per cent of the fee or expense charged or in-
11 curred by said attorney in said mortgage transaction. Failure
12 to comply with the provisions of this section shall constitute
13 an unfair or deceptive act or practice under the provisions of
14 chapter ninety-three A.

15 The provisions of this section shall not apply to loans which
16 are subject to the provisions of sections ninety A to ninety E,
17 inclusive, of chapter one hundred and forty.

1 SECTION 2. Chapter 184 of the General Laws is hereby
2 amended by striking out section 17B, as most recently amended
3 by section 1 of chapter 824 of the acts of 1970, and inserting
4 in place thereof 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 oc-
8 cupied in whole or in part by the obligor on the mortgage debt
9 shall be made on a printed form which shall contain the follow-
10 ing two statements in type of at least two points larger than
11 the other type used on said application:

12 (1) The responsibility of the attorney for the mortgagee is to
13 protect the interest of the mortgagee.

14 (2) The mortgagor may, at his own expense, engage an
15 attorney of his own selection to represent his own interests in
16 the transaction.

17 In addition to the foregoing, every application and copy
18 thereof shall, if applicable, in type of at least the same size as
19 the above required statements, disclose information relative to
20 the following:

21 (a) The approximate expiration date of the note.

22 (b) The rate of interest charged.

23 (c) A statement that as of the expiration date of said note,
24 the mortgagee may demand payment of said note, may rewrite
25 the note by agreement at a greater or lesser rate of interest, or
26 may, by agreement, allow payments to be made on said note at
27 the same, or a lesser, or a greater rate of interest.

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