

SENATE No. 1937

The Commonwealth of Massachusetts

SENATE, June 28, 1995.

The committee on Banks and Banking, to whom was referred the petition (accompanied by bill, Senate, No. 23) of W. Paul White for legislation relative to the availability of non-conforming loan products for low and moderate income borrowers; and the petition (accompanied by bill, House, No. 1952) of Philip Travis relative to the availability of real estate loans for low or moderate income borrowers, reports the accompanying bill (Senate, No. 1937).

For the committee,

STANLEY C. ROSENBERG.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO BANK AND CREDIT UNION MORTGAGES.

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. Section 2(B) of chapter 167E of the General Laws
2 is hereby amended by striking out paragraph 7A, added by
3 Section 1 of chapter 350 of the acts of 1994, and paragraph 7B, as
4 appearing in the 1992 Official Edition, and inserting in place
5 thereof the following paragraphs—

6 7A. A mortgage loan in excess of ninety-five percent of the
7 value of the real estate to refinance an existing mortgage on a
8 dwelling house of four or fewer separate households occupied in
9 whole or in part by the mortgagor; provided, however, that any
10 such loan is (a) secured by a first lien on said dwelling house,
11 (b) written in conjunction with any program established by the
12 Federal National Mortgage Association, the Federal Home Loan
13 Mortgage Corporation or the Government National Mortgage
14 Association, and (c) written pursuant to an agreement and in
15 accordance with the requirements of said associations or corpora-
16 tion. The provisions of paragraph 4 of section six relative to loan
17 to value ratio shall not apply to any such mortgage loan.

18 7B. A mortgage loan not to exceed ninety-seven percent of the
19 value of the real estate to finance the purchase of a dwelling
20 house of four or fewer separate households occupied in whole or
21 in part by the mortgagor; provided, however, that any such loan is
22 (a) secured by a first lien on said dwelling house, (b) written in
23 conjunction with any program established by the Federal National
24 Mortgage Association, the Federal Home Mortgage Corporation
25 or the Government National Mortgage Association to make such
26 mortgage loans available to low and moderate income borrowers,
27 and (c) written pursuant to an agreement and in accordance with
28 the requirements of said associations or corporation.

29 7C. A mortgage loan in excess of ninety-five percent of the

30 value of the real estate may, in accordance with such conditions as
31 the commissioner may impose, be made in conjunction with any
32 program designed to make mortgage loans available for low and
33 moderate income borrowers established by the Massachusetts
34 Housing Finance Agency and approved by the commissioner.

35 7D. Open-End Mortgage Loans. — Mortgage loans not
36 exceeding in the aggregate eighty percent of the value of the real
37 estate pursuant to an agreement to make loans to the mortgagor
38 from time to time. The aggregate outstanding loans of this class
39 pursuant to a single such agreement shall not exceed one and one-
40 quarter percent of the deposits of such corporation or fifty thou-
41 sand dollars, whichever is greater. An agreement pursuant to this
42 paragraph shall be deemed a note for the purposes of this section.

1 SECTION 2. Section 65 of chapter 171 of the General Laws, as
2 appearing in the 1992 Official Edition, is hereby amended by
3 adding after paragraph 5A the following paragraphs:—

4 5B. A credit union whose shares and deposits aggregate more
5 than four million dollars may make a mortgage loan in excess of
6 ninety-five percent of the value of the real estate to refinance an
7 existing mortgage on a dwelling house of four or fewer separate
8 households occupied in whole or in part by the mortgagor; pro-
9 vided, however, that any such loan is (a) secured by a first lien on
10 said dwelling house, (b) written in conjunction with any program
11 established by the Federal National Mortgage Association, the
12 Federal Home Loan Mortgage Corporation or the Government
13 National Mortgage Association, and (c) written pursuant to an
14 agreement and in accordance with the requirements of said associ-
15 ations or corporation.

16 5C. A credit union whose shares and deposits aggregate more
17 than four million dollars may make a mortgage loan in excess of
18 ninety-five percent of the value of the real estate to finance the
19 purchase of a dwelling house of four or fewer separate households
20 occupied in whole or in part by the mortgagor; provided, however,
21 that any such loan is (a) written in conjunction with any program
22 established by the Federal National Mortgage Association, the
23 Federal Home Loan Mortgage Corporation or the Government
24 National Mortgage Association to make such loans available to
25 low and moderate income borrowers, and (c) written pursuant to
26 an agreement and in accordance with the requirements of said

27 associations or corporation.

28 5D. Any such credit union, in accordance with such conditions
29 as the commissioner may impose, may make a mortgage loan in
30 excess of ninety-five percent of the value of the real estate in con-
31 junction with any program to make such mortgage loans available
32 to low and moderate income borrowers established by the
33 Massachusetts Housing Finance Agency and approved by the
34 commissioner.