

HOUSE No. 6540

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, April 14, 1981.

The Committee on Banks and Banking, to whom were referred the petition (accompanied by bill, Senate, No. 22) of Gerard D'Amico, Sharon M. Pollard, Elizabeth N. Metayer and Thomas M. Finneran for legislation to require notice to, and other protections for, cosigners, guarantors and similar parties, petition (accompanied by bill, House, No. 439) of Elizabeth N. Metayer for legislation to require notice to, and other protection for cosigners, guarantors and similar parties, report recommending that the accompanying bill (House, No. 6540) ought to pass.

For the committee,

ANTONE S. AGUIAR, Jr.

The Commonwealth of Massachusetts

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

AN ACT REQUIRING NOTICE TO, AND OTHER PROTECTIONS FOR, CO-SIGNERS, GUARANTORS AND SIMILAR PARTIES.

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 48 of chapter 93 of the General Laws, as
2 most recently amended by sections 1 and 2 of chapter 252 of the
3 Acts of 1979, is hereby further amended by inserting after subsection
4 I the following subsection:—

5 J. For the purposes of this section the term “buyer” shall include
6 any customer of consumer credit as defined by clause (n) of section
7 one of chapter one hundred forty C, including a cosigner, comaker,
8 endorser, guarantor, surety, accomodation maker or other similar
9 party.

1 SECTION 2. Chapter 140 C of the General Laws is hereby
2 further amended by inserting after section 10 A, inserted by section
3 2 of chapter 575 of the Acts of 1979, the following section:—

4 *Section 10B.* For the purposes of this section, the term “co-
5 signer” shall mean any natural person who by agreement renders
6 himself liable for the extension of credit to another without receiving
7 more than nominal proceeds from that extension of credit. Said
8 person shall be deemed a cosigner for the purposes of this section
9 regardless of the contract term used to describe him whether it be
10 endorser, guarantor, comaker, surety, accomodation party or other
11 similar term.

12 No cosigner shall be held liable for any amount greater than he
13 actually receives unless:

14 (a) Said cosigner is furnished with a separate statement prior to
15 the time the transaction is consummated as defined by subsection
16 (bb) of section 1, which statement shall contain in ten point bold
17 face type the following information and no other:

“Notice to Cosigner”
(Date)

Lender	Total of Payments Due
Primary Debtor	Cosigner

18 By signing this contract, you as cosigner are agreeing to pay the
19 sum of money stated at the top of this notice to the lender if the
20 primary debtor does not.

21 If the primary debtor does not pay any part of the debt when it is
22 due, you can be sued immediately and required to pay the entire
23 unpaid balance of the contract or any part of it. When sued you
24 may assert whatever legal right you or the primary debtor may
25 have relating to the contract.

26 If the lender wins a suit against you in court, there are laws which
27 may permit the lender to take a part of your wages each week or to
28 take you savings, your home or your personal property to pay this
29 debt.

30 This notice is *not* the contract you will be asked to sign. You
31 must be given a copy of this notice as well as the contract you are
32 co-signing.

33 By my signature, I acknowledge receipt of this notice.

34 _____
35 (b) The cosigner signs said notice as well as a document evidenc-
36 ing the obligation which discloses the full amount he may be asked
37 to repay.

38 (c) The cosigner is furnished with a completed copy of every
39 document that he is asked to sign or that is furnished or must be
40 furnished to the primary debtor at the time the transaction is
41 consummated as defined by subsection (bb) of section 1.

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