

HOUSE No. 4255

Text of a further amendment (Mr. Speliotis of Danvers) to the Senate amendments of the House Bill relative to flood insurance (House, No. 3783). July 3, 2014.

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

By striking out all after the enacting clause and inserting in place thereof the following:—

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

3 Section 69. No creditor or creditor’s representative, as defined in section 35B of chapter
4 244, shall require in a mortgage, note or otherwise, a purchaser or owner of residential property
5 with 1 to 4 units to purchase or pay for flood insurance on the property that: (i) is at a coverage
6 amount exceeding the outstanding principal mortgage balance at the beginning of the year for
7 which the policy will be in effect and, in the case of a home equity line of credit, home equity
8 loan or second and subsequent mortgage the full value of the credit line, outstanding principal on
9 the equity loan or second or subsequent mortgage on that property at the beginning of the year
10 for which the flood insurance policy will be in effect; (ii) includes coverage for contents; or (iii)
11 includes a deductible of less than \$5,000. If a creditor or creditor’s representative requires in a
12 mortgage, note or otherwise, a purchaser or owner of a residential property to purchase or pay for
13 flood insurance on the property, the creditor or creditor’s representative and the insurance
14 producer, as defined in section 162H of chapter 175, shall provide a notice to the purchaser or
15 owner of the residential property at the time the purchaser or owner of the residential property is
16 notified of the need to purchase or pay for flood insurance that states the following in clear and
17 conspicuous print: “Please note that the flood insurance we are requiring you to purchase will
18 only protect your creditor’s or lender’s interest in your property. Massachusetts law prohibits a
19 creditor or lender from requiring you to purchase flood insurance in excess of the amount of your
20 principal mortgage and, in the case of a home equity line of credit, home equity loan, or second
21 and subsequent mortgage the full value of the credit line, outstanding principal on the equity loan
22 or second or subsequent mortgage on that property at the beginning of the year for which the
23 policy will be in effect. The insurance may not be sufficient to pay for many needed repairs after
24 a flood and may not compensate you for your losses in the property due to the flood. If you wish
25 to protect your home or investment, you may want to purchase more flood insurance than the
26 amount we are requiring you to buy.”

27 SECTION 2. The commissioner of banks shall promulgate regulations to implement
28 section 69 of chapter 183 of the General Laws.

29 SECTION 3. This act shall take effect in 120 days.”.