

HOUSE No. 2954

The Commonwealth of Massachusetts

PRESENTED BY:

Michael J. Finn

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the fiduciary responsibility of lenders for non-payment of insurance premiums from escrowed accounts.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: | DATE ADDED: |
|------------------------|--------------------|------------------|
| <i>Michael J. Finn</i> | <i>6th Hampden</i> | <i>1/20/2017</i> |

HOUSE No. 2954

By Mr. Finn of West Springfield, a petition (accompanied by bill, House, No. 2954) of Michael J. Finn relative to fiduciary responsibilities of lenders for non-payment of insurance premiums from escrowed accounts. Financial Services.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act relative to the fiduciary responsibility of lenders for non-payment of insurance premiums from escrowed 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 SECTION 1. Section 4 of Chapter 167E of the General Laws, as so appearing in the
2 2014 Official Edition, is hereby amended by inserting after clause (c), the following clause:

3 (d) If a bank requires, as part of its loan policies, that a borrower escrow the insurance
4 premium for property insurance on real estate secured by a mortgage loan and said bank, as a
5 result of neglect, fails to pay the insurance premium on a

6 mortgage loan when the insurance premium is due and there are sufficient escrowed
7 funds on deposit to pay said insurance premium, and if the property owner suffers a loss as a
8 result of this failure, then the bank is liable for the loss; except, however, that with respect to any
9 loss, which would otherwise have been insured, the extent of the liability shall not exceed the
10 coverage limits of any insurance policy, which has lapsed. The bank shall pay the insurance
11 premium and any increased cost for securing a new insurance policy for a period of three (3)

- 12 years. If the bank is late in paying the insurance premium, the bank shall pay the late fee
- 13 charged by the insurance company.