

HOUSE No. 5021

Substituted by the House, on motion of Mr. Speliotis of Danvers, for a bill with the same title (House, No. 567). December 27, 2018.

The Commonwealth of Massachusetts

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

An Act relative to title insurance closing protection letters.

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 114 of chapter 175 of the General Laws, as appearing in the 2016 Official
2 Edition, is hereby amended by adding the following paragraph:-

3 A company organized under the eleventh clause of section 47 may issue closing
4 protection in the form of a closing protection letter to proposed insureds upon request, provided
5 that the company or its title agent issues a preliminary report, insurance binder or title insurance
6 policy for the same real estate transaction. A closing protection letter issued by such a company
7 shall be required in connection with the issuance of any loan policy insuring a lender's interest in
8 residential property intended for residential occupancy containing 4 or less units. A closing
9 protection letter shall be in a format adopted from time to time by the American Land Title
10 Association. It shall not be the subject of any agreement requiring a division of the fee collected
11 on behalf of the title insurance company. For purposes of this paragraph, "closing protection
12 letter" shall mean an indemnification or undertaking to a party to a real property transaction,
13 from a principal such as a title insurance company, setting forth in writing the extent of the

- 14 principal's responsibility for intentional misconduct or errors in closing the real property
- 15 transaction on the part of a settlement agent, such as a title insurance agent or other settlement
- 16 service provider.